

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1997

Y 4. AP 6/2: S. HRG. 104-641

Military Construction Appropriation... RINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED FOURTH CONGRESS

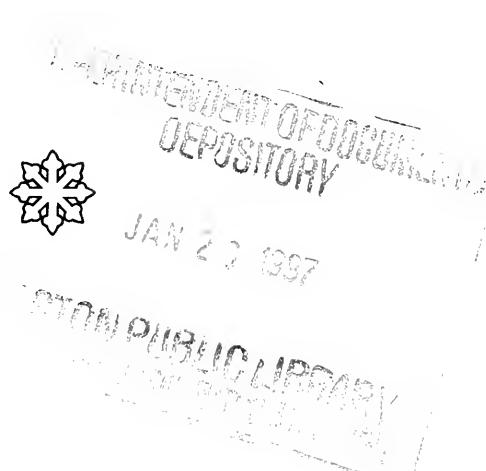
SECOND SESSION

ON

H.R. 3517

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR
THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEP-
TEMBER 30, 1997, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE

24-055 cc

WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-053763-0

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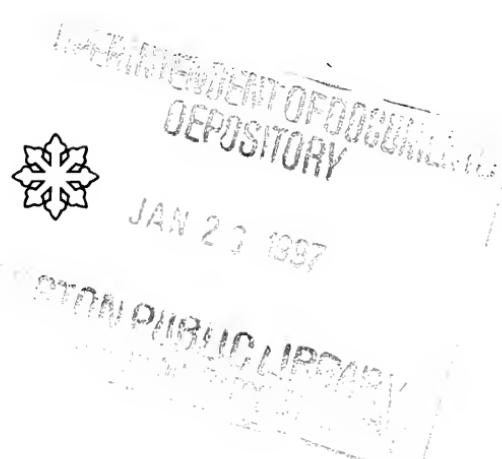
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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1997

THURSDAY, MARCH 21, 1996

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.**

The subcommittee met at 9:45 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding. Present: Senators Burns, Stevens, Campbell, and Reid.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF ROBERT M. WALKER, ASSISTANT SECRETARY, INSTALLATIONS, LOGISTICS, AND ENVIRONMENT

ACCOMPANIED BY:

PAUL JOHNSON, DEPUTY ASSISTANT SECRETARY FOR INSTALLATIONS AND HOUSING

FRANK MILLER, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT

**MAJ. GEN. WILLIAM A. NAVAS, DIRECTOR, ARMY NATIONAL GUARD
BRIG. GEN. JAMES HELMLY, DEPUTY CHIEF, ARMY RESERVE**

OPENING STATEMENT OF HON. CONRAD BURNS

Senator BURNS. Good morning, Mr. Walker. It is nice to have you. Sorry I am a little late. I found somebody who was a worse driver than I am.

I am going to forgo my opening statement, and let us hear from the witness. First, I would call on my ranking member and good friend from Nevada, if he has an opening statement he would like to make. I will put mine in the record and just comment as the hearing goes on. And I thank you for your patience this morning.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

The subcommittee will come to order. Today, we will hear testimony of the military construction, family housing, and BRAC programs for the Army and the Navy. This will include projects for the Guard and Reserve. First, we will hear from the Department of the Army.

Once again, we are pleased to hear from the Honorable Robert Michael Walker, the Assistant Secretary of the Army for Installations, Logistics, and Environment. Welcome back. I want to thank you for all your efforts this past year in assisting this subcommittee in putting together a bill that is helpful to the Army and was acceptable to the Congress.

I also want to commend you for all your efforts concerning the operations in Bosnia. It is a good indication of your work when we did not see the anticipated problems of entering Bosnia during the dead of winter.

Last year the Army downsized itself in the BRAC round. Many of us are still smarting from that round. However, we anticipated that a renewed effort would appear to rebuild the Army's infrastructure. We know what bases we will have, going into the next century. Alarmingly, the Army's request for military construction is \$435 million. This is a \$200 million decrease from the fiscal year 1996 appropriated amount.

Secretary Walker, we welcome you before this subcommittee. I would ask you to keep your statement brief because we also have to hear from the Navy this morning. Your statement will be included in its entirety for the record. Secretary Walker, may I ask you to please introduce the back up witnesses with you before proceeding with your statement.

PREPARED STATEMENT OF SENATOR REID

Senator REID. Mr. Chairman, I have a brilliant opening statement, which says a lot of nice things about you, but I am going to also forgo that and put it in the record. [Laughter.]

Senator BURNS. Did you want to go ahead and read that one? I need one this morning. [Laughter.]

Senator STEVENS. Mine says a great deal about Mike Walker, but I think we can forgo that one, too.

Senator REID. I ask unanimous consent that my opening statement be made a part of the record.

Senator BURNS. So be it.

[The statement follows:]

PREPARED STATEMENT OF SENATOR HARRY REID

Thank you Mr. Chairman. Thank you for arranging for this early hearing on our Army and Navy Military construction, BRAC and Housing programs. This is going to be a short year, and I look forward to working with you, Mr. Chairman in much the same fashion as we worked so successfully together last year. As you recall, we were able to mark-up and report our bill out, get it through the Senate and conference and to the President's desk early in the process. Ours was the first appropriations bill he signed and only one of only two that made the fiscal year deadline on October first. And even though we added some \$497 million to the request, the President wisely signed it. It was overwhelmingly supported in the Senate, much of that due to your excellent work in putting it together. I hope that we can repeat that performance this year.

Mr. Chairman, judging from the President's budget request, it looks like we are being invited to rewrite the budget as submitted. The request for our Guard and Reserve program is totally inadequate and in some categories a complete joke. For the Army Guard; we appropriated \$137 million last year. The request for fiscal year 1997 is for less than \$8 million, and that included zero major construction for the Army Guard. So either the administration is preparing to put the Army National Guard out of business or, more likely, it expects us to add to the budget to fund it appropriately. And I have no doubt that we will, together, do just that. We admonished the Administration last year not to repeat this budget performance for the Guard and Reserves, but it has done just that. The overall request for the Guard and Reserve is less than half the amount we appropriated for fiscal year 1996. In order to match last year's amount, we would have to add nearly \$250 million to the budget.

Second, Mr. Chairman, I have looked through this budget and I have found that the only category which actually experiences an increase over last year is for NATO Infrastructure. The request is some 29 percent over last year's amount. Some \$208 million. What is wrong with this picture. We gut the American National Guard and Reserve and plus up the amounts for allied construction in Europe. I thought the Cold War is over.

Having said all this, Mr. Chairman, I warmly greet the Honorable Mike Walker, Assistant Secretary of the Army for Installations. He has been most helpful to this committee in the past. In particular, I want to thank him for taking quick action to begin rebuilding the decrepit rail line at Hawthorne Army depot when we discov-

ered the problem last year. He is a real professional, having been seasoned on this subcommittee. I know that he is concerned about the budget problems that I have just cited, and I know that whatever can be done to correct them, he will do so.

So, without anything further, I welcome Mike Walker back before us, and look forward to your testimony.

PREPARED STATEMENT OF SENATOR CAMPBELL

Senator BURNS. Senator Stevens, do you have an opening statement? And Senator Campbell?

Senator CAMPBELL. I think I will follow the precedent already set, Mr. Chairman, and ask that mine be included in the record under unanimous consent. I have a few questions I would like to ask, and at the appropriate time I will ask those. If I have to run, I will submit those for the record.

Senator BURNS. Without objection, that shall be made a part of the record, and you shall have your questions asked.

[The statement follows:]

PREPARED STATEMENT OF BEN NIGHHORSE CAMPBELL

Mr. Chairman, as the newest member of the Appropriations Committee, I would like to say I am pleased to be a member of this subcommittee on military construction. I know there is much I will learn from my involvement, but I am particularly interested in this subcommittee for there are many aspects of its work that directly affect my state of Colorado.

With that, I would like to welcome both Secretary Walker and Secretary Pirie. Colorado being a landlocked state, I think it's obvious that my focus today will be on what the Army is doing in my state.

I know that all of our Armed Forces have been changing dramatically with the drawdowns by prioritizing and refocusing efforts in an attempt to be more fiscally responsible. Know that through this process, which is difficult at best, I feel what will emerge is a better trained, better equipped force.

Having served in the Armed Forces myself, I know how essential good training is to any soldier, but I think too, as you have both mentioned in your submitted testimony, that the quality of life of our soldiers is a key component to any strong and capable armed force. I appreciate both of you taking the time to come before us here today to testify and allow us the opportunity to learn from you, first hand, some of the issues you are grappling with.

Thank you, Mr. Chairman.

STATEMENT OF HON. ROBERT M. WALKER

Senator BURNS. Mr. Secretary, it is good to see you this morning. Thank you for your patience.

Mr. WALKER. Thank you, Mr. Chairman.

I would ask that my entire statement be included in the record.

Senator BURNS. Well, let us just close the hearing. [Laughter.]

Senator STEVENS. Mr. Chairman, if I might say, I have another hearing. I just dropped by in order to hear the statement of Mr. Walker. I do not urge him to read it, but I do hope he makes some comments.

Mr. WALKER. Yes; I will, Senator Stevens.

Mr. Chairman, I am accompanied this morning by my Deputy Assistant Secretary for Installations and Housing, Mr. Paul Johnson, who is well known to this committee. I am also accompanied by Maj. Gen. Frank Miller, who is the Assistant Chief of Staff of the Army for Installation Management. And I am also accompanied by Maj. Gen. Billy Navas, who is known very well by this committee. He is the Director of the Army Guard. And I am also accom-

panied by Brig. Gen. James Helmly, who is the Deputy Chief of the Army Reserve.

Mr. Chairman, 2 years ago this month, I was sworn in as Assistant Secretary of the Army for Installations, Logistics, and Environment. And I have got to tell you, it has been an exhilarating 2 years, because it has enabled me to see the best of America up close. It has enabled me to spend countless hours with our soldiers and their families. I wish that every American could be with me when I visit our soldiers. And I know all of you know what I am talking about.

Whether it is in 120-degree heat in Kuwait or -5 degrees in Korea, America's soldiers are always the same. Even under the most adverse conditions, they always display courage, they always display dedication, they display professionalism, and especially patriotism. This committee should be very proud of the contributions that you have made to the U.S. Army, to your Army.

I recently saw the value of your contributions on a trip in Korea. In the past, as you know, we have had some of the worst living conditions in the Army in Korea. Well, I have been there three times in the last 2 years, and I have already seen the difference. The \$30 million a year that this committee is providing for barracks construction in Korea is making a difference. And on behalf of our soldiers and their families—our soldiers who are asked to serve in very difficult conditions and in the middle of a tense political and military situation—I want to thank you for that support. And you can be assured that these funds you are providing are being put to the very best use possible.

When I have met with this committee in the past, I have shared with you how difficult it has been to find all the resources that we need to do all the things that we need to do in the Army. That is as true in the 1997 budget as it has been in previous year budgets. But we have been able to provide overall for a balanced program, one that requires us to keep the Army trained and ready to meet national security requirements. Your Army is prepared to do its job today. But we must all be concerned about the future.

In order to pay for today's readiness, we are frankly unable to fully resource our modernization needs both in terms of weapon systems and modern facilities. And that, sadly, is the budget reality in fiscal year 1997. And as we approach balanced budgets in the future, we know the task could be even more difficult. But we must find a way to modernize the Army.

I read the intelligence reports every morning, and there continue to be, as you know, very real and significant threats to America's interests throughout the world. And even the poorest of our potential enemies are improving their own armies. Of course, we have no way of knowing who our next enemy will be, but we do know this: that our next enemy will be better prepared than Saddam Hussein's army was in the last war.

So that is why we must always stay ahead of our potential enemies by investing in technology and especially investing in people, which give us the edge—technologies and people, which not only enable us to inflict unacceptable casualties on a potential enemy, but enable us to fight a fast-moving, lethal battle with minimum casualties ourselves.

We know that budget resources are limited. So, in the Army, we are continuing to look at ways to help ourselves, to become more efficient, to become more businesslike. Last year, the conferees on this bill funded the Secretary of Defense initiative to test opportunities to bring private capital into the family housing program. And, as you know, Secretary Perry asked the former Secretary of the Army Jack Marsh to review the full range of quality-of-life issues.

The Marsh panel has made its recommendations. And it has made several recommendations which will enable the military services to improve their ability to provide family housing and, potentially, barracks, and at the same time, reduce the cost of operating those facilities. The Secretary of Defense is reviewing Secretary Marsh's proposals, which include privatization initiatives.

Mr. Chairman, the truth is, when you look at the budget, we know there is just not enough money to go around. If we are to provide for modernization of our single soldiers and family living quarters, we will need more resources than are currently available. We will need more resources than will be available in the future as we approach a balanced budget.

I know that many of you have visited barracks and housing throughout the world. You know what our needs are. If we are going to continue to recruit and retain the kind of soldiers that we will need in the future, we are going to have to find ways to make our scarce dollars go farther in order to deliver the quality of life our soldiers and their families deserve and require. We are going to have to find ways to leverage the funds that we will have available.

In the Army, we are looking very carefully at our business practices and how we can partner with the private sector to achieve savings and how we can reduce what is now a 5-year military construction process. We are seeking to make quality improvement an integral part of planning at the installation level. And we are considering new organizational relationships that will reduce overlap and bring efficiency to our process and to our delivery of services.

In the meantime, Mr. Chairman, we are doing the best we can with the resources we do have. Compared to the 1996 appropriations, the 1997 budget request is a smaller budget, but we are making progress in the 1997 request. We will build or revitalize 750 units of family housing and 4,000 barrack spaces. And with the capital venture initiative, the concept that you approved last year, we may be able to leverage another 3,000 houses for Army families.

In addition, in this budget we will continue to invest in base closures and realignments. And I am happy to tell this committee that this is a very important year in base closures and realignments for the Army, because this is the first year we will begin to turn a profit in the base closure program. And by the year 2000, the Army will be saving, on an annual basis, more than \$1 billion a year. That is money that we would have to be spending if the Congress had not approved four rounds of base closures. And now it is money that we will save to invest in soldiers and save to invest in the Army of the future.

The 1997 budget will also include important investments in strategic mobility, as we concentrate on preparing our base structure in the United States to be power projection platforms.

Finally, Mr. Chairman, there is one additional issue that, with the indulgence of the committee, I would like to raise. Our pre-positioning program in Southwest Asia is a very important element of our national security strategy. Because of the issues which were raised by this committee last year, I have made a careful and an extensive review of our prepositioning program. I have visited each prepositioning site. I have met with our allies in the region. And I have reviewed our contingency plans.

I believe the prepositioning program contributes directly to deterrence in the region. And prepositioning, frankly, saves taxpayer dollars, because it allows us to fulfill force requirements without building even more expensive sealift and airlift than is currently budgeted. And, God forbid, if ever we have to go to war in that region again, we will need it for success on the battlefield.

Potential enemies did watch Saddam Hussein's mistakes in the last war. He sat there and he allowed us to build up forces. Any future enemy will not allow us that luxury. That is why we need access to afloat and ashore prepositioning, so we can respond quickly to future threats.

In the last 2 years, we have already seen that we have been required to respond to Saddam's movement of forces by exercising our prepositioned assets in Kuwait. But that prepositioning in Kuwait is not enough to provide an adequate response to future threats. We need the additional prepositioning in the 1997 budget request.

Now, I know there are serious concerns in this committee about burdensharing. I share those concerns. Those of you who have known me over the years know that I hold strong views that our allies should continue to pay more for their own defense. And we have made significant progress in burdensharing, particularly in Japan, where our military forces save hundreds of millions a year—actually, all of our services together save \$1 billion a year that the Japanese are now paying. That is money in the bank, money that we save to spend on other pressing requirements.

In Southwest Asia, we have vital interests as a nation, so we must be engaged in the region. And we must be prepared for any threat to our vital interests. That is why the prepositioning program in the Persian Gulf area is so important. So I ask this committee for your support as we continue the next phase of this program.

PREPARED STATEMENT

Mr. Chairman, thank you very much, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF ROBERT M. WALKER

Mr. Chairman and members of the subcommittee, it is a pleasure for us to appear before you to discuss the Army's portion of the military construction request for fiscal year 1997. We also will discuss the status of base realignment and closure actions. These matters are of considerable importance to the Army, as well as this committee, and we appreciate the opportunity to report to you on them.

Our statement is in four parts:

- Part I—Military construction, Army family housing, Army homeowners assistance fund, defense
- Part II—Military construction, Army National Guard
- Part III—Military construction, Army Reserve
- Part IV—Base realignment and closure (BRAC)

PART I—MILITARY CONSTRUCTION, ARMY FAMILY HOUSING, ARMY HOMEOWNERS ASSISTANCE FUND, DEFENSE

I am pleased to present the Active Army's portion of the Military Construction budget request for fiscal year 1997. Our program focuses on improving Army readiness by concentrating on three areas: mission projects, quality of life and support programs. This budget provides minimum construction and family housing resources essential to support the Army's role in our National Military Strategy.

The program presented requests appropriations for Military Construction, Army (MCA) of \$434,723,000, and \$1,287,479,000 for Army Family Housing (AFH), and \$36,181,000 for Homeowners Assistance Fund, Defense in fiscal year 1997.

Today our Army is surely "America's Army"—a seamless force comprised of Active Duty, Reserve, National Guard, civilian employees, and family members serving the nation both at home and abroad. As we prepare to enter a new century, America's Army will continue to change, preserving the best of its past, and posturing itself for the future to serve the nation.

The past several years have shown the Army must be capable of operating anywhere within the spectrum of conflict. To accomplish our objectives, the United States must allocate the resources necessary to maintain our balanced and ready force.

Although smaller now than at any time since before World War II, the Army is being called on for an increasing number of diverse missions around the world. Since, 1989, the Army's personnel strength has decreased 35 percent, while its budget has decreased 38 percent in constant dollars. Yet, we continue to perform more demanding, more diverse and more soldier intensive missions than during the Cold War. Operational deployments have increased over 300 percent since 1989. The average soldier in an operational unit spends 138 days a year away from home station. The impact of this increased mission is immense on both our soldiers and their families. We have a duty to provide the excellent facilities and improved quality of life that is necessary to retain these dedicated soldiers.

In order to continue to undertake our various missions, it is imperative that we achieve a predictable environment in the Army. To successfully meet these increasing operational commitments while simultaneously maintaining readiness requires stability—in the force structure, and in the resources available to carry out our missions.

The strength of the Army has been, is now and will continue to be America's young men and women, our soldiers. Today's soldier is largely U.S. based, 75 percent, with a family, 65 percent, and with a working spouse, 54 percent. These soldiers and their families must bear the burden of the Army's increased operations. We must adequately care for and support them. Improving quality of life is essential to attracting and retaining the quality people needed to carry us into the next century. We must continue to focus on those issues important to the men and women who serve the nation. Efforts like the Whole Barracks Revitalization Program, Whole Neighborhood Revitalization Program, Army Family Action Plan and Army Communities of Excellence will remain key in our efforts.

Now, I would like to talk about our facilities strategy as it affects the Army and as we transition into the 21st Century.

Facilities strategy

Our installations must change to support the power projection Army, and changing our facilities is the key to success. The Army's facilities vision is to provide comprehensive adaptable power projection platforms with the quality facilities, infrastructure and services that are integral to the readiness of the force and the quality of life of our soldiers and their families, while protecting the environment.

The Army has developed a two-fold strategy to achieve this vision. First, emphasis is being placed on establishing what the required facilities, infrastructure and services are to support the Army's missions and divest of unneeded facilities and infrastructure. Second, the Army is investigating ways of improving the allocation of funds within the total funds available to the Army to maintain and improve the remaining facilities base.

We are reducing our requirement by eliminating excess facilities. Between the existing facilities reduction program and base realignment and closure, we will elimi-

nate approximately 113,000,000 square feet in the United States by 2003. We intend to extend the facilities reduction program beyond fiscal year 1997 to improve upon that figure to reduce our base operating costs. We continue to reduce leases and to demolish one square foot for every square foot constructed. When our overseas reductions are included, the Army will eliminate a total of 300,000,000 square feet from its fiscal year 1992 peak of 1,200,000,000 square feet.

Reducing the requirement also means reducing energy consumption. In the area of energy conservation, we are well on the way to meeting the Executive Order energy efficiency goal of a 30 percent reduction by 2005 compared to the 1985 baseline. We are currently 16 percent below that baseline. However, the increased unit cost of energy challenges our ability to reduce overall energy costs.

We are looking for innovative ways to divest ourselves of unneeded real property, including privatization of certain functions. It is proving an effective solution for installation utilities systems. Our goal is to privatize at least 75 percent of all Army utilities by the 21st century. Privatization is also being considered to provide better housing for soldiers and their families. Partnering with civilian communities around an installation is also a viable alternative to the Army maintaining some facilities.

In an effort to manage our installation family housing in a more business-like manner, the Army has instituted the Business Occupancy Program. Installations are funded based on quarters occupied, not on the total inventory, in an effort to optimize our owned assets. We have already seen an increase in occupancy rates. Seven new projects are also planned utilizing the authorities included in the 1996 Defense Authorization Act. In addition, we are working closely with the Office of the Secretary of Defense in efforts to further privatize the delivery and management of housing assets.

The Army is also committed to improving single soldier quality of life by improving their living conditions. This will be accomplished by upgrading or replacing existing barracks which do not meet the new 1+1 standard. We were able to fund \$232,000,000 in investment this year, including \$30,000,000 in Korea. We will use the Payment-in-Kind program to improve barracks in Europe, and will begin to program military construction in the later years of our Future Years Defense Plan. Our investment program will not reach soldiers immediately. Therefore, our objective is to sustain existing barracks at their current condition, and wherever possible, focus operation and maintenance funds through the Bridging the Gap program at a rate of approximately \$100,000,000 per year to keep our oldest barracks, such as those with gang latrines, open until they can be replaced. We also hope to focus operations and maintenance funds on some of our three man room barracks to convert them to the 1+1 standard.

Strategic mobility is also absolutely essential to our power projection Army. We must have ready access to significant and reliable road, rail, sea, and air transportation assets. The Army must also have equipment prepositioned to project power. Finally, we must improve the infrastructure at our power projection installations across the United States to guarantee we can prepare and deploy our forces rapidly. The Army is building on the detailed analysis of the Defense Mobility Requirements Study of the strategic mobility system to build a program that will allow us to deploy rapidly anywhere in the world. The fiscal year 1997 program will continue these crucial improvements.

As part of our effort to better focus our investment, we have developed and are testing a decision support tool, the Installation Status Report (ISR) Part One (Infrastructure), to implement our facilities strategy. The results of the ISR provide a status of facilities readiness by articulating facility condition. This identifies critical areas for funding from which resource allocation priorities can be determined. This assists our emphasis on the areas of health and safety, facilities essential to the installation's mission, and quality of life.

Now, I will discuss several of the highlights of the budget that we are presenting today.

Military construction, Army (MCA)

Within our military construction request, we focus on six investment areas: whole barracks renewal, strategic mobility, leader initiatives, environmental, mission and planning and design/minor construction. We have grouped these into three major categories of projects: mission facilities, quality of life projects, and support programs such as infrastructure and environmental projects.

Mission facilities

In fiscal year 1997 there are seven mission facility projects totaling \$132,000,000. Essential mission facilities include several initiatives such as the Army Strategic Mobility Program (ASMP) and Close Combat Tactical Training (CCTT) facilities.

Army strategic mobility program.—Fiscal year 1997 continues the upgrade of the strategic mobility infrastructure we started several years ago. In fiscal year 1997, we have included a new project, \$27,000,000, for phase one of a two phased program at Concord Naval Weapons Station. This project upgrades the ammunition pier to increase the throughput of ammunition on the west coast to a level equal to that available on the east coast. Also in CONUS, we have included railroad upgrade projects at Fort Campbell, \$16,100,000, and Fort Benning, \$9,400,000, and a readiness deployment facility at Fort Lewis, \$3,600,000.

Included in fiscal year 1996 was the first phase of a Strategic Logistic Initiative (SLI) to construct facilities in Southwest Asia for the prepositioning of equipment and materiel needed to speed the deployment of forces during a contingency in this area. Fiscal year 1997 includes the second phase of this program, \$64,000,000. These projects will provide facilities to preposition equipment, materiel, and supplies for a second armored heavy brigade, along with unit equipment of a division base. The Army is pursuing, with the Department of State, host nation support for this mission, but, it is unlikely to materialize in the immediate future. Delaying the SLI projects pending negotiations increases significantly the risk of not being ready to execute contingency commitments in this region.

Close combat tactical trainers.—CCTT facilities leverage technology to enhance training and maintain readiness through a group of fully interactive networked emulators and command, control and communications work stations. When the first CCTT becomes operational in 1997 it will reduce reliance on field exercises as the single method for combined arms training and provide a long term, cost effective option.

Quality of life projects

The Army remains committed to improving the quality of life of our soldiers and their families, since it has a dominant impact on the Army's readiness. To attract and retain quality people, America's Army must continue to focus on quality of life issues important to the men and women who serve our nation. In this area, we have concentrated our efforts toward improving the living conditions of our soldiers and their families. The fiscal year 1997 MCA budget reflects minimum essential funding for quality of life programs.

Whole barracks renewal initiative.—The Army has initiated a Whole Barracks Renewal program to provide funding for new construction and modernization projects. It represents a significant, long-term commitment on our part to improve the living conditions of single soldiers, and provide them with a home, not just a place to live. We must provide more space, more privacy and a quality of life for our single soldiers that is comparable to living off the installation and to that of our married soldiers. Based on input from our soldiers, the Army initiated a Whole Barracks Renewal program that includes personal privacy, larger rooms, closets, upgraded day rooms, centrally procured furnishings, additional parking, landscaping and administrative offices separated from the barracks. As part of the effort in fiscal year 1997, we are planning eight barracks projects to either construct new facilities or provide for whole barracks complex renewal, \$232,000,000. This includes continuing the Congressional initiative started several years ago to correct the housing situation in Korea by building new barracks to replace old, substandard quonset huts and H-relocatable buildings.

Support programs

Included in this area are those projects which provide vital support to installations and balance to the military construction program. We have requested four projects in fiscal year 1997 for \$17,500,000. These include two infrastructure projects at Camp Roberts, California, and at Vicenza, Italy, and a renovation for additional quality and functional space at the National Defense University at Fort McNair. Also included is an Army environmental compliance project that continues remediation of soil erosion at Yakima Training Center, Washington.

Other program highlights

Parametric estimates.—In fiscal year 1996, Congress requested the Army start using parametric cost estimating for budget submissions in lieu of the 35 percent engineering design estimates. The Army established procedures to prepare budget estimates using parametric techniques. Several projects in the fiscal year 1997 budget submission were estimated using parametrics. The Army will use parametric estimates routinely for projects starting in the fiscal year 1998 military construction budget request.

Unspecified minor military construction, Army.—The Army has allocated \$5,000,000 of this budget request to be used worldwide for urgent, unforeseen projects. While in the past we were limited to \$1,500,000 per project, last year's in-

crease in authorization to \$3,000,000 for health and life safety will help the Army to execute emergency projects to meet the immediate needs of our installations.

Budget request analysis

The fiscal year 1997 MCA budget request includes a request for appropriations of \$434,723,000, along with a companion request for authorization and authorization of appropriations for the same amount.

The fiscal year 1998 appropriations request, by investment focus, is shown in Table 1:

TABLE 1.—INVESTMENT FOCUS APPROPRIATIONS

Category	Appropriations	Percent
Whole barracks renewal	\$232,000,000	53.4
Strategic mobility	120,100,000	27.6
Leadership initiatives	6,900,000	1.6
Environmental	2,000,000	.4
Critical mission	25,100,000	5.8
Planning and design/minor construction	48,623,000	11.2
Total	434,723,000	100.0

Table 2 shows the fiscal year 1997 distribution of the appropriations request among major commands in the United States and overseas.

TABLE 2.—COMMAND SUMMARY

Command	MCA appropria-tions	MCA per-cent of total
Inside the United States:		
Forces Command	\$206,500,000	47.5
Training and Doctrine Command	44,000,000	10.1
Military District of Washington	6,900,000	1.6
Military Traffic Management Command	27,000,000	6.2
ACSIM	4,600,000	1.1
Total	289,000,000	66.5
Outside the United States:		
U.S. Army Central Command	64,000,000	14.7
U.S. Army, Europe	3,100,000	.7
Eighth, U.S. Army	30,000,000	6.9
Total	97,100,000	22.3
Total major construction	386,100,000	88.8
Worldwide:		
Planning and design	43,623,000	10.0
Minor construction	5,000,000	1.2
Total	48,623,000	11.2
Total appropriations requested	434,723,000	100.0

Army family housing

I will now present the Army's family housing portion of the Military Construction budget request for fiscal year 1997. No single quality of life component matches the importance of proper housing for Army soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number

one soldier complaint when we ask them about their quality of life. Out of pocket expenses for soldiers living off post in the U.S. are typically 20 to 22 percent of the total cost of their housing. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges.

This family housing request reflects the Army's attempt to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship. The budget request includes sufficient funding for essential operations, utilities and leasing requirements, and only annual, recurring maintenance and repair. This budget does not reduce deferred maintenance and repair. In order to manage maintenance and repair funds more efficiently, we expect to reduce the inventory in fiscal year 1997 by approximately 500 units. We will eliminate and demolish units which are excess to installation requirements and are not economical to repair.

Housing program accounts

In fiscal year 1997, our budget includes \$75,013,000 funds for a modest replacement construction program for units no longer economical to revitalize; a modest housing revitalization program for our aging housing inventory; and for planning and design of future construction projects.

Funding for the annual costs of operating, maintaining, and leasing housing units for military families remains at a significantly higher level than fiscal years 1994 and 1995, but is less than fiscal year 1996. Our operations request for fiscal year 1997 is \$1,212,466,000. The requested funding level reflects our continuing commitment to improve soldier and family housing by funding all essential operations and annual recurring maintenance and repair. Table 3 summarizes each of the categories of the Army Family Housing fiscal year 1997 program and the percent of the total request for each category.

TABLE 3—ARMY FAMILY HOUSING FACILITY CATEGORY SUMMARY

Facility category	Appropriations	Percent
New construction	\$38,300,000	3
Post acquisition construction	33,750,000	2
Planning and design	2,963,000	<1
Operations	188,660,000	15
Utilities	270,391,000	21
Maintenance	525,893,000	41
Leasing	227,515,000	18
Debt	7,000	<1
Total	1,287,479,000	100.0

Whole neighborhood revitalization

This year's request continues the initiative the Congress approved in fiscal year 1992 to revitalize both the housing unit, and the entire living environment of the military family. The whole neighborhood revitalization program provides for systematically upgrading and repairing the existing housing inventory, while concurrently improving neighborhood amenities. The projects recommended for this program are based on life-cycle economic analyses and will provide units which meet community standards. The combination of replacement and post-acquisition construction in fiscal year 1997 provides for annual U.S. investment that is 1.94 percent of the plant replacement value, or a 52 year replacement program versus a 35 year replacement cycle based on industry standards.

New construction

The Army's new construction program provides family housing where additional housing is required to help satisfy a validated housing deficit, or provides for replacement of housing where it is more economical to replace current housing than to renovate.

Department of Defense and Army policy directs the first source for providing family housing is the civilian community. At Army installations where off-post housing is not available, too costly, or substandard, the Army takes positive steps to provide adequate housing for military families. New construction for deficit reduction is programmed only when these conditions exist, and it is the most economical alternative. In this budget request, no new construction is requested to reduce the family

housing deficit. The only new construction requested is to replace required family housing units that are uneconomical to revitalize or repair.

In the fiscal year 1997 whole neighborhood revitalization program includes projects for replacing 282 units at three locations where it is more economical to replace than renovate current housing, and there is a continuing housing requirement. This replacement construction, which includes the supporting infrastructure, ensures that adequate housing is available for our soldiers and their families without adding to the current inventory. At each location, the housing being replaced will be demolished. Each project is supported with a housing survey showing that adequate and affordable units are not available in the community.

Post acquisition construction

The Post Acquisition Construction program is an integral part of our housing revitalization program. In fiscal year 1997, we are requesting funds for improvements to 460 units at four locations. These projects include critical, whole neighborhood improvements for 76 units located in Vicenza, Italy. Also included within the scope of these projects are efforts to improve energy conservation and to eliminate environmental hazards.

Operations and maintenance

The operations, utilities and maintenance programs comprise the majority of the fiscal year 1997 budget request. The requested amount, \$1,212,466,000 is nearly 77 percent of the total family housing request in 1997. This request provides for the Army's annual expenditures for maintenance and repair, municipal-type services, furnishings and utilities. It provides sufficient funding in fiscal year 1997 for the annual, recurring maintenance requirements of the existing inventory, which is needed in order to protect the Army's investment and provide stewardship of the family housing inventory.

The fiscal year 1997 budget request also identifies major maintenance and repairs planned for 56 general officer quarters (GFOQ's) where the cost per unit exceeds \$25,000. The scope of the work was carefully reviewed ensuring only essential work will be performed. This includes maintenance and repair work necessary to ensure the units remain habitable and comply with historic preservation guidelines. Fifty of the units are designated as historic facilities under provisions of the National Historic Preservation Act of 1966. Under terms of this Act, the Army has a legal responsibility to preserve and maintain the historic nature of these units. This responsibility is a major factor in the cost of the planned work. Deferring the required repairs will accelerate the rate of deterioration, increase the final cost of repairs, and preclude compliance with statutory preservation responsibilities.

The budget request continues funding for the operation and maintenance of an Army-wide computer system, the Housing Operations Management System (HOMES), which is improving many phases of housing management. To assist soldiers in their efforts to find off-post housing, the Army is continuing the recently expanded mission of the Community Homefinding Relocation Referral Services Program. This program's objectives are to assist newly arrived personnel in finding adequate, affordable, community housing; to provide continuing guidance and assistance to military families residing in off-post housing; and to assist relocating soldiers in making informed housing choices at their new duty stations.

The family housing utilities request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one-half percent reduction in overall facility energy requirements. Unfortunately, while consumption decreased, costs continue to rise. Our revitalization program also produces savings in energy, since the energy efficiency of the improved quarters will be comparable to current construction standards.

Leasing

The leasing program provides another way of adequately housing our military families. Our leasing program includes Section 2836 (formerly 802) rental guarantee housing, Section 2835 (formerly 801) domestic build-to-lease, and temporary domestic, and foreign leases. Our fiscal year 1997 request is \$227,515,000.

We are requesting \$57,064,000 in fiscal year 1997, to fund existing Section 2835 project requirements and temporary domestic leases. This will support an average of 4,198 leases in the contiguous United States, Alaska and Hawaii.

We are requesting \$170,451,000 in fiscal year 1997, to support an average of 11,649 leased units overseas. Our experience shows the foreign leasing program generally saves the Army money. In fiscal year 1995 the average housing allowances in Europe were \$15,438, while our average lease cost was \$13,098.

The Army's total leasing program request supports an average of 16,265 units in fiscal year 1997, to satisfy requirements in the United States, Europe, Korea, Pan-

ama and other locations. These are our high priority locations where providing flexible family housing solutions is essential to improving the quality of life of our soldiers.

Real property maintenance

I would now like to talk about another important source of resources that also furthers Army readiness by providing for the support of the Army's facilities, the Real Property Maintenance (RPM) program. Real Property Maintenance is the primary account in installation base support funding responsible for maintaining installations at peak readiness for the Army's fighting force. The appropriations for this program are provided as a part of the Defense Appropriations Bill.

As I noted earlier our installations are the power projection platforms of America's Army. If we permit Army facilities to deteriorate, it will have a direct impact on readiness, both now and for the future. Deteriorated training facilities, warehouse storage, communications, rails and ports can impede readiness and our power projection capabilities. Poor barracks discourage retention and recruitment of quality personnel. Emergency repairs for certain unplanned facilities failures must be accomplished or human safety or environmental compliance or both will be jeopardized.

Real property maintenance accounts

Real Property Maintenance (RPM) is a major program with two major functional accounts—Maintenance and Repair of Real Property and Minor Construction. RPM reflects the cost to operate and maintain the Army's Physical Plant. The Maintenance and Repair of Real Property account pays to maintain areas such as the utilities systems, buildings and other structures, grounds, railroads and other surfaced areas.

The Minor Construction account funds projects under \$1 million to correct health or safety deficiencies, or under \$300,000 per project for the erection, installation or assembly of a new real property facility. Additions, expansions, extensions, alterations, conversions, or replacement of an existing real property facility are also funded from the minor construction account.

Sources of real property maintenance funding

Real Property Maintenance is one of the largest components of installation operating costs. The appropriations which finance installation operations and include RPM funds are: Operation and Maintenance, Army; Operation and Maintenance, Army National Guard, Operation and Maintenance, Army Reserve; Research, Development, Test and Evaluation; Procurement; and the Defense Business Operations Fund. RPM is augmented by reimbursable customers (Army and other Department of Defense tenants), non-appropriated fund activities, and host nation support.

Backlog of maintenance and repair

When we cannot fund the annual recurring maintenance and repair requirements, the result is a Backlog of Maintenance and Repair projects (BMAR). BMAR is defined as an aggregation of major maintenance and repair projects that were planned for accomplishment in previous fiscal years, but were not accomplished due to lack of resources. Delay in executing these projects will result in further deterioration of the facilities, thus greatly compounding the eventual repair costs, and frequently results in more expensive environmental compliance problems. BMAR projects are routinely revalidated at least once each three years and on occasions more often. BMAR will be phased out in 1998. At that time a new system will be used to provide greater visibility of dollars and work required at installation level to improve installation readiness. The vehicle to implement this change is the Installation Status Report (ISR), which I discussed earlier. Once implemented the ISR permit us to quickly and clearly identify what work is required, as well as the cost of the work needed to raise the installation's readiness to the desired level.

Homeowners assistance fund, defense

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The fiscal year 1997 request is for \$36,181,000 appropriations, along with a companion request for authorization, and authorization of appropriations for the same amount.

The request will provide assistance to personnel at approximately 21 locations that are impacted with either a base closure or a realignment of personnel resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is

also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

Summary

Mr. Chairman, the fiscal year 1997 request for appropriations for Military Construction Army, and Army Family Housing is \$1,722,202,000 and \$36,181,000 for the Homeowners Assistance Fund. With approval of this request we will continue to: improve our strategic mobilization posture, provide safety, health and environmental compliant facilities; provide additional adequate housing for soldiers and their families; and meet statutory and regulatory requirements. This request will provide for family housing leasing and operation and maintenance of the current inventory. Thank you for your continued support of Army facilities funding.

PART II—MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's (ARNG) Military Construction Program for fiscal year 1997.

The Army National Guard requests \$7,600,000 appropriation and \$14,300,000 authorization for fiscal year 1997 military construction. The appropriation request includes \$5,500,000 for unspecified minor construction and \$2,100,000 for planning and design. The authorization request also includes \$4,900,000 for two critical major construction projects and an additional \$1,800,000 for planning and design.

The Army National Guard (ARNG) is America's community-based, dual-use response force, "A trained and ready citizen-Army," and, by statute, an integral part of the first line defense of the United States. The Guard is manned with about 370,000 quality soldiers in 3,000 units in 2,700 communities nationwide.

The Guard is a capable force. They have demonstrated combat, combat support and combat service support performance from the Pequot War of 1637 through the Gulf War of 1991. The Guard has supported missions in Somalia, Rwanda, Haiti and today in Bosnia.

The Guard is an accessible force. They are readily available to both national and state authorities, for all foreign and domestic missions.

The Guard is an expandable force. Five times this century they have served as the framework on which to build a larger land force to meet a growing threat. The Guard serves as "insurance" against an unknown future.

The Guard is affordable. They provide half the combat power of America's Army, a third of its combat support and a third of its combat service support.

As America's Army is being reshaped, realigned and resized, the Guard is also undergoing significant change. The Guard is accomplishing new missions and taking on new responsibilities in addition to its historic domestic and international roles. To do this, they have higher quality soldiers, trained and equipped to a higher degree of readiness than ever before. The support of their communities, the Active Army, and the resources supplied by Congress have made this possible.

Readiness is the key factor of a strong force. To keep citizen-soldiers ready, the most critical element is training time. Distractions such as travel time to distant training sites, additional maintenance time on stored equipment and delays caused by working in inefficient and obsolete facilities must be minimized.

Adequate facilities are necessary for the level of readiness that the American people demand of us. The Guard has an obligation to provide safe, cost effective and mission-essential facilities for our soldiers. Modern facilities enhance training, maintenance, administration, quality of life and the environment. The use of joint installations and facilities by more than one component of the Reserves continues to be pursued to provide cost effective facilities. The base realignment and closure program has also conveyed facilities and training land to the Guard from closing Service installations.

Military construction for the Guard benefits the local community, the State and the nation. Federal funds for many Guard facilities are leveraged by States contributing a share of the design, 25 percent of the construction costs, and providing the site for the facility. Operation and maintenance costs are a State responsibility for State-owned facilities. For other facilities, it is a shared responsibility which reduces Federal costs.

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness and improving soldier quality of life.

The Guard's fiscal year 1997 military construction program will provide two critical projects in two States. These projects include an Army Aviation Support Facility

complex to provide an aircraft maintenance and training facility and a Modified Record Fire Range for M-16 rifle qualification. The request includes minimal funds for unspecified minor construction and planning and design.

The Guard is proceeding with many innovations, including a Facility Energy Management Program and Energy Savings Performance Contracting. These programs include facilities energy conservation and the reduction of mobility fuel management. The Guard is also privatizing installation utilities where possible.

Let me now turn to an issue of concern: the operation and maintenance of our physical plant. The replacement value of all of the Guard's facilities exceeds \$16 billion. Their average age is 33 years. States take care of these facilities using the limited resources in Real Property Maintenance Activity accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States, Territories, and Commonwealths accomplish these functions. The National Guard Bureau transfers money to the States that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For many facilities, the States, Territories and Commonwealths must contribute 25 percent of operation and repair costs.

The States, Territories and Commonwealths then pay the utility bills, hire and reimburse the employees necessary to operate and maintain these facilities, buy the supplies necessary for maintenance, and contract for renovation and construction projects and for required operations and maintenance services and equipment. They also lease facilities when required.

The Facility Management Offices are making a herculean effort to operate and maintain all of our facilities. They do so for two dollars a square foot, less than one-half of what should be spent. They scrimp, save, cross level personnel; but even as they keep the facilities open, they are falling behind. The backlog of maintenance and repair will increase to almost \$380 million by the end of fiscal year 1997.

Summary

The Army National Guard is an important part of America's Army. Today's challenges are not insurmountable and the Army National Guard will continue to provide the best facilities within the resources available. The soldiers of the Army National Guard wish to express their appreciation for the efforts of this subcommittee and the past support you have given them.

PART III—MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve, representing the citizen-soldier, is an essential partner in America's Army. In addition to relying on Reserve Forces to deploy and support major forces for war fighting, the Army is increasingly dependent on its Army Reserve for support of other contingency operations such as Bosnia and Haiti and for accomplishing daily operational support missions across the broad range of Army mission responsibilities at home and abroad, including the relatively new mission of operating selected major installations. Army Reserve soldiers will continue to respond to the nation's security needs into the 21st Century on an increasing basis. Essential resources include the facilities needed to train, support and sustain our forces. The program presented for Military Construction, Army Reserve, requests appropriations of \$48,459,000 for fiscal year 1997.

Facilities strategy

The organization, roles and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. We occupy about 1,400 facilities, consisting of more than 2,700 buildings and structures, that have an average age of about 31 years. Army Reserve operated installations add another 2,600 buildings and structures to the total inventory. The average age of facilities on these installations is about 46 years.

To effectively discharge our stewardship responsibilities, the Army Reserve has adopted certain priorities and strategies which guide our application of resources in a measured way that optimizes investments. The themes of our program are straight forward: to provide essential facilities to improve readiness and quality of life, to preserve and enhance the Army's image across America, and to protect the resources we are responsible for. Our priorities are four-fold: provide critical mission needs of early Force Support Package units; address the worst cases of facilities deterioration and overcrowding; pursue modernization of the total facilities inventory; and carefully manage Reserve operated installations. Our strategy for managing in a resource constrained environment is five-fold: eliminate high cost leases; dispose of excess facilities; consolidate units into the best available facilities where possible;

use Base Realignment and Closure (BRAC) enclaves where practical; and use the newly developed Modular Design System (MDS) to shorten and streamline the process of planning, design and execution of projects.

Special program highlights

Quality of Life.—Adequate facilities provide our Army Reserve units with the means to conduct critical individual and collective training, to perform operator and unit maintenance on vehicles and equipment, and to secure, store and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale and the efficiency of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the quality of life of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

Readiness.—Army Reserve construction requirements are distinctly different from those of the Active Army. Army Reserve forces are community based, dispersed in nearly 1,400 facilities in hundreds of communities across the nation. Facilities must be located where soldiers live and where units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as extensions of the Army's power projection platforms by providing essential places to conduct training, maintenance, storage of contingency equipment and supplies, and administration in preparation for mobilization and deployment that cannot be accomplished elsewhere.

Modernization.—The plant replacement value (PRV) is about \$3.6 billion for our Army Reserve facilities and about \$1.9 billion for the Army Reserve-operated installations.

Budget request analysis

The Military Construction, Army Reserve (MCAR) budget request of \$48,459,000 for fiscal year 1997 reflects the realities of constrained resources, and represents our highest priority projects. The appropriation includes three types of funds: Major Construction, Unspecified Minor Construction, and Planning and Design.

(1) **Major Construction.**—These funds provide for land acquisition and actual construction, revitalization, expansion, alteration or conversion of facilities, which have estimated line item costs in excess of \$400,000. For fiscal year 1997, our budget request of \$44,979,000 will fund the construction of two new Reserve centers, four addition and alteration projects at existing centers and one new Equipment Concentration Site (ECS) with full-time maintenance support and warehouse facilities.

(2) **Unspecified Minor Construction.**—These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than \$400,000. Unspecified minor construction may include construction, alteration or conversion of permanent or temporary facilities. This program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year and that must be accomplished to satisfy critical, unforeseen mission requirements. Based on the availability of prior-year funds, the Army Reserve has no requirement for fiscal year 1997 funds for unspecified minor construction.

(3) **Planning and Design.**—These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications and solicitation documents necessary to execute major and unspecified minor construction projects. Our request for planning and design for fiscal year 1997 is \$3,480,000.

I would like to address two other important issues related to facilities, although they are funded by the Operation and Maintenance Army Reserve (OMAR) appropriation. They are real property maintenance and environmental compliance.

Real Property Maintenance (RPM).—Resource shortfalls in maintenance and repair are causing the backlog of maintenance and repair (BMAR) to grow at annual rates of 20 percent for Army Reserve facilities and 11 percent for the Reserve operated installations. These rates of growth have a significant impact on the overall condition and rates of aging and deterioration of mission essential facilities and infrastructure. We are applying RPM resources to only the most critical maintenance and repair needs.

Environmental Compliance.—Environmental compliance funding continues to place great demands on the Army Reserve's resources. Annual requirements increased from \$5.5 million in fiscal year 1990 to \$36 million in fiscal year 1997, primarily because of our aggressive program of identifying and correcting problems.

Summary

In summary, as the national military strategy evolves to meet the challenges of the next century, the Army Reserve will grow in importance to the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities are resources that serve as highly visible links between America's Army and America itself, projecting an image of our citizen-soldiers. We are grateful to the Congress for the support you have given, and continue to give, to the Army Reserve.

PART IV—BASE REALIGNMENT AND CLOSURE (BRAC)

Introduction

Closing and realigning installations has been a major part of the Army's reshaping efforts during the past decade. During 1995, the Army reached an important milestone when we closed the last of 77 installations scheduled for closure by the Defense Secretary's Commission of 1988. We also witnessed approval of the final list of installations to be closed or realigned under the Base Realignment and Closure Act of 1990 and entered the final stage of an arduous but extraordinarily successful process to reshape defense infrastructure. Approval of most of the Army's recommendations by the Defense Base Realignment and Closure Commission was important because this was the last downsizing opportunity in the foreseeable future.

The Army is accelerating all earlier and recent BRAC actions to obtain savings and return assets to the private sector as quickly as feasible. Four of the five closures approved by the 1991 Commission have already occurred: Fort Ord, California; Sacramento Army Depot, California; Fort Benjamin Harrison, Indiana; and the Woodbridge Research Facility in Virginia. This past Labor Day, President Clinton attended the dedication ceremony for the California State University at Monterey Bay on the former Fort Ord, citing it as a model for base conversion. Sacramento Army Depot is another example of how the Army and the local community have worked together to create a successful environment for economic recovery. Packard Bell now employs over 5,000 people there, 2,000 more than the Army did.

More successes are coming. In 1996, Fort Devens, Massachusetts (the last BRAC 91 closure) will close one year ahead of schedule. In 1997, Vint Hill Farms Station, Virginia (the only BRAC 93 closure), will close two years ahead of schedule. Last year, we aggressively initiated the 29 closures and 11 realignments recommended by the 1995 Commission. In accordance with the President's Five Part Plan for Revitalizing Base Closure Communities, the Army is working with local communities to speed up the reuse of installations being closed.

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the benefit of any Commission, we are closing about seven of ten overseas sites in Europe, where we are reducing the number of installations from 868 to 284, or 67 percent. Thirty-six partial closures represent an additional 4 percent. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations are dropping from 104 to 83, or 20 percent. Another 8 percent are partial closures. While we constantly evaluate the role of forward deployed forces, overseas presence helps to reassure friends and deter potential enemies. It can reduce our response time in crises by positioning forces nearer potential trouble spots. On a typical day, the Army has 138,000 soldiers providing overseas presence in 120 countries. This provides tangible proof of the nation's commitment to defend American interests and those of our allies.

Commitment to People.—During the implementation process, we work hard to minimize hardships which accompany base closures and realignments, not only to our own soldiers, civilian employees and their families, but to the surrounding communities as well. Our longstanding policy makes all reasonable efforts to continue employing our civilians and gives priority of funding for placement assistance. We grant priority rights to those who lose their jobs for vacancies in DOD and other Federal agencies. We help them locate jobs in the private sector if they desire. The earlier we make installations available for reuse, the more job opportunities there will be. Job training and other aid is also available to rejuvenate local economies.

Commitment to Reuse.—The President's Five Part Community Reinvestment Program, announced on July 2, 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. Key elements are easy access to transition and redevelopment help, larger planning grants, fast track environmental cleanup, base transition coordinators and job centered property disposal. Congress helped by enacting the 1994 Base

Closure Community Assistance Act. We expect to open bases to economic reinvestment in half the time taken in previous BRAC rounds.

Rarely does the prospect of a closing base instill a sense of opportunity. However, communities do convert military bases to public and private uses successfully. Just last year, the Army completed an economic development conveyance to the City of Sacramento for most of the Sacramento Army Depot to spur economic development and create jobs. Packard Bell, the nation's third largest manufacturer of personal computers, has already created more jobs than the depot employed there. Although economic development conveyances are not possible everywhere, they are one example of how we can have a win-win situation for all involved.

Although closures take several years, leases are possible in the interim. In this way, the community does not have to wait for us to complete everything necessary to close a base before reuse. For example, the Massachusetts Government Land Bank leased an intermodal rail facility at Fort Devens. The Army has also leased a golf course at Fort Sheridan, Illinois.

We learned from previous rounds that no two bases are identical and every situation is unique. Nevertheless, we will do what we can to permit reuse quickly. In 1995, we initiated planning and design for construction to relocate missions and personnel to other locations. We accelerated the identification of reserve component enclaves and began consulting with local authorities before making a final determination. We initiated environmental baseline studies at closing bases and expedited the hiring of base transition coordinators and BRAC environmental coordinators. We started screening for DOD and Federal agencies to determine which property is available, so local reuse authorities can begin planning. We began working hard to obtain decisions on where to relocate various units and activities not specified in the Commission's Report. In December, we met with local officials at our annual outreach conference in Denver to continue and, in some cases, begin a partnership for successful reuse. These efforts and others like them show our commitment. Everyone benefits when we move out smartly.

Commitment to the Environment.—The Army anticipates spending \$1.8 billion for BRAC rounds through fiscal year 2001 to comply with regulatory laws in support of reuse. We work closely with local reuse authorities to conduct cost effective cleanup efforts consistent with local reuse plans and prudent expenditure of resources. In 1995, we accelerated environmental baseline surveys (EBS) for all BRAC 95 installations. The EBS identifies clean parcels required under the Community Environmental Response Facilitation Act (CERFA). After an EBS is complete, cleanup proceeds in accordance with applicable laws and regulations. Environmental risk, reuse plans, and availability of funding determine the program's pace.

Fast track cleanup, part of the President's Five-Part Program, raises public expectations that the Army will be able to transfer property expeditiously to the community for reuse. However, there is an impediment which hinders our ability to execute the program successfully. Environmental restoration cost ceilings limit our flexibility to fund cleanup and make property available for reuse. As environmental studies and beneficial reuse plans evolve, cleanup requirements change. We need the flexibility to draw on available BRAC resources without a ceiling, currently \$124,920,000 for BRAC 91 and \$11,502,000 for BRAC 93 in fiscal year 1996. Such flexibility helps us respond to changing circumstances, such as local reuse plans, regulations issued by the EPA and states and different requirements resulting from our investigations.

Base realignment and closure—Overseas

Status.—On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 21 announcements. On January 14, 1993, DOD announced it will withdraw all U.S. military forces from the Republic of Panama and transfer all facilities by December 31, 1999. Of the 13 sites in Panama announced for closure, four have been returned. The total number of overseas sites announced for closure is 662. See Table 1. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments. At this time, we do not see the need for many more overseas closures.

Table 1

	<i>Installations</i>
Germany	571
Korea	29
France	21
Panama	13
Netherlands	6

Table 1—Continued

	<i>Installations</i>
Turkey	6
United Kingdom	5
Greece	4
Italy	4
Belgium	3
 Total	 662

Most of the reductions are in Europe where we are returning over 188 million square feet (MSF) of facilities, 52 percent of our inventory in 1989. This is equivalent to closing 12 of our biggest installations in the U.S.—Fort Hood, Fort Bragg, Fort Benning, Fort Stewart, Fort Leonard Wood, Fort Lewis, Fort Bliss, Fort Carson, Fort Gordon, Fort Meade, Fort Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

Process.—The process for closing overseas is much different than in the U.S. First, unified commanders nominate overseas sites for return or partial return to host nations. Next the Joint Staff, various DOD components, National Security Council and State Department review these nominations. After the Secretary of Defense approves them, DOD notifies Congress, host governments and the media. The Army ends operations by vacating the entire installation and returns it to the host nation. If we reduce operations, we end up keeping some of the facilities.

Residual value.—Supplemental agreements to NATO's Status of Forces Agreement (SOFA) with Germany allow the U.S. to claim reimbursement for the value of investments made in construction or capital improvements to host nation furnished facilities. The value of U.S. funded improvements is determined by appreciating the original investment for inflation and depreciating for age and condition. The 564 installations returned thus far represents capital improvements of over \$3 billion. Nearly 100 sites have been settled so far, and the remaining sites are in various stages of negotiation. Our strategy is to seek cash compensation first, but our original expectations were overly optimistic and did not take into consideration the amount of time to find alternate uses for these installations. In-kind military construction and in-kind real property maintenance are next in priority. U.S. Army Europe has received \$39.5 million in cash and \$202 million in advance payment-in-kind to build facilities in Germany. In Korea, the SOFA between the Korean government and the United States does not provide for the payment of residual value. Neither Panama nor the U.S. expects money to change hands because of the Panama Canal Treaty.

Environment.—The Army's environmental policy uses the provisions of Executive Order 12114, which outlines the U.S. Government's policy on environmental actions abroad. We take appropriate action to: eliminate imminent health risks; remove all hazardous materials and wastes; contract for storage tank cleaning and removal of contents; and remove halon from fixed facilities for return to the United States. We document known environmental problems, remove all toxic and hazardous wastes and clean up oil spills and leaking underground storage tanks. In Germany, the cost of cleanup may be considered in residual value negotiations. The SOFA with Korea does not address environmental cleanup. Since there is no base closure or Defense Environmental Restoration Account to fund the cleanup of closures overseas, we use the Operations and Maintenance account.

Defense Secretary's 1990 announcement

Overview.—The Secretary of Defense announced additional realignments and closures as well as force structure reductions on January 29, 1990. This plan reflected the Army's initial transition to a smaller force, as reflected in the Army's fiscal year 1991 budget submission. DOD proceeded with all actions that did not become subject to the subsequent base realignment and closure process mandated by Public Law 101-510. Financing for these initiatives came from the Army's operating funds. The following realignment actions are now complete: Layaway Indiana Army Ammunition Plant (AAP); Layaway Mississippi AAP; Cease workload and lease Kansas AAP; Layaway Louisiana AAP; Layaway Scranton AAP; Layaway Sunflower AAP; Layaway Longhorn AAP; Partial Inactivation of Detroit ATP; Downsize 194th Armored Brigade, Fort Knox; Downsize 9th Infantry Division (Mtz), Fort Lewis; Inactivate HQ, 4th Army; Inactivate 1st Region, Criminal Investigations Command; and Inactivate 2nd Armored Division, Fort Hood.

Base realignment and closure 1988 base closure account (BCA) I

BRAC 1988 overview.—Last fall, we reached a little noticed but significant milestone. In September, when garrison flags came down at Cameron Station, Virginia, and the Army Material Technology Laboratory in Massachusetts, we closed the last of our 77 installations on the Commission's list. Although many of these sites were small stand alone housing sites and 1950's vintage air defense bases, they included well known bases with long military traditions such as the Presidio of San Francisco and Fort Sheridan, Illinois. Though closed, the work of property disposal and environmental remediation will continue for several years. The Army is pleased to report the completion of all BRAC 1988 closures and realignments in the time period directed by law.

BRAC 1988 financial summary.—The one time cost to implement was \$1,350,602,000. The one time savings during implementation were \$721,011,000. Annual recurring savings of \$259,611,000 began in fiscal year 1996. Additionally, property sales have produced \$72.2 million in revenues. We are disposing of 125,000 acres of property, over 25 million square feet of facilities and 2,571 housing units.

BRAC 1988 environmental cleanup and compliance.—Of the 111,075 acres identified as Community Environmental Response Facilitation Act (CERFA) clean by the Army, regulatory agencies have concurred in 15,226 acres. We try to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 431 of 834 (52 percent) sites. Approximately 75 percent of our funds are for cleanup with the remainder going for studies and investigations. Eleven BRAC cleanup teams and nine Restoration Advisory Boards work on these environmental issues.

BASE realignment and closure 91 (BRAC 91) base closure account (BCA) II

BRAC 91 overview.—Public Law 101-510, the Defense Base Realignment and Closure Act of 1990, established a new process for base realignment and closure actions in the United States through 1995. The first phase of this new process is referred to as BRAC 91 and the funding account is referred to as BCA II. The Army is currently in the fifth year of the six year execution period. During fiscal year 1996, the Army will continue environmental studies and remediation, award remaining military construction and relocate functions to other installations. The Army has closed four of its five BRAC 91 closures: Harry Diamond Laboratory, Woodbridge, Virginia; Sacramento Army Depot, Sacramento, California; Fort Benjamin Harrison, Indiana; and Fort Ord, California. We complete the last of the BRAC 91 closures with Fort Devens, Massachusetts in 1996.

BRAC 91 financial summary.—One time implementation costs during the period fiscal year 1992-fiscal year 1997 total \$1,402,292,000. The largest component is military construction, which accounts for 38 percent of the program. Savings during the same period are \$1,181,201,000, primarily due to the elimination of 5,648 civilian positions and reduced operating costs for installations being realigned or closed. Recurring savings are estimated to be \$303,825,000 starting in fiscal year 1997. Proceeds from land sales are anticipated to be \$44,300,000. Our original estimate of \$754,000,000 has dropped because the President's Five Part Community Reinvestment Program promotes job creation and expeditious reuse instead of property disposal based on fair market value. In addition, federal agency claims reduce the amount of property that is available for sale.

BRAC 91 environmental cleanup and compliance.—Five BRAC cleanup teams and five Restoration Advisory Boards are working at closing sites. Of the 28,464 acres identified by the Army as Community Environmental Response Facilitation Act (CERFA) clean, regulatory agencies have concurred in 15,003 acres. We are working to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 88 of 234 sites (38 percent). Approximately 77 percent of funds are spent on cleanup and the remainder is spent on studies and investigations.

BASE realignment and closure 93 (BRAC 93) base closure account (BCA) III

BRAC 93 overview.—The Army is in its third year of a six year execution period. During fiscal year 1996 the Army will continue appropriate environmental studies, award military construction and realign functions to other installations.

BRAC 93 financial summary.—One time implementation costs during the period fiscal year 1994-fiscal year 1997 total \$340,858,000. The largest portion is for operations and maintenance expenses, which account for 41 percent of the total costs. Savings during the same period are \$206,892,000, primarily due to the elimination of 1,113 civilian positions and reduced operating costs of installations being realigned or closed. We estimate our recurring savings to be \$67,727,000 starting in fiscal year 1999 and expect no proceeds from land sales.

BRAC 93 environmental cleanup and compliance.—Three BRAC Cleanup Teams and two Restoration Advisory Boards (RAB) are working to accelerate cleanup. Of

the 1,506 acres identified by the Army as Community Environmental Response Facilitation Act (CERFA) clean, regulatory agencies have concurred in 790 acres. We are working to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 28 of 63 sites (44 percent). Approximately 75 percent of funds are spent on cleanup and the remainder is spent on studies and investigations.

Base realignment and closure 95 (BRAC 95) base closure account (BCA) IV

BRAC 95 overview.—The Army is in its first year of a six year execution period. We programmed all military construction in the first three years and initiated planning and design for projects in fiscal year 1996 and 1997 to permit accelerated execution. The Army Audit Agency checks to see projects are legitimate expenses for the BRAC account and ensures buildings have proper sizes so we use limited resources prudently. The few projects programmed in fiscal year 1996 will be ready for award in the second or third quarter. We expect a one year design period for all fiscal year 1997 construction projects and contract awards early in the fiscal year. Environmental baseline studies are underway.

BRAC 95 financial summary.—The budget request for fiscal year 1997 is \$399,004,000. One time implementation costs during the period fiscal year 1996–fiscal year 2001 are currently estimated to total \$2,100,597,000. Savings during the same period are \$1,325,033,000, primarily due to the elimination of 2,451 civilian positions in the Army and reduced operating costs of installations being realigned or closed. An additional 1,371 positions from DOD's medical program are being eliminated as a result of the closure or realignment of medical facilities at our installations. We estimate recurring savings to be \$391,560,000 starting in fiscal year 2002 and expect no proceeds from land sales.

BRAC 95 environmental cleanup and compliance.—We have started environmental baseline surveys and are ahead of schedule.

Summary

Closing and realigning bases saves money that otherwise goes to unneeded overhead and frees up valuable assets for productive use. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Yet this is not just a cold business matter, because when we close or downsize a base we leave behind part of the Army family. Leaving is hard because our installations are part of the fabric of many great communities. We owe them our best efforts to help recover from the loss our departure creates. This keeps us dedicated to the rapid reuse of our installations so local communities can realize the opportunities that base closures can bring. When BRAC is complete, we will be able to look back on what we accomplish together and be proud of our contributions, not only to many local economies, but to our Army and country as well.

Mr. Chairman, this concludes my statement. Thank you.

Senator BURNS. Mr. Secretary, thank you. And I want to thank you for the cooperation that your office and you have displayed with this committee and as we work through some of these very difficult issues of short funds and start changing the focus of where we would like to get to. And I want to thank you for your support of the troops wherever they are. We realize that it is not an easy thing to serve in today's military, because sometimes our mission is so diverse.

PRIVATIZATION

I want to talk to you just a little bit this morning about privatization. Could you give this committee sort of a capsule of what is happening, and do you think it is going to work? Because this was a new idea that the Secretary came forward with last year, we are very interested in that. Maybe you could give us your opinion of it and how you envision that it will continue to be.

Mr. WALKER. Mr. Chairman, as you know, the Commission on Roles and Missions, in its report last year, indicated that there is potential to save 20 to 30 percent if we move toward privatization of certain activities, including base support. That finding is going

to be confirmed by the Defense Science Board, which will report soon on privatization initiatives.

What makes that attractive to the military services is the fact that the Secretary of Defense and the Deputy Secretary of Defense have told us that anything that we save through privatization initiatives, we are going to be able to keep. In other words, in past years, when you saved money—the OSD Comptroller is not here, but I will say it anyway—the OSD Comptroller tends to take it away from you.

Well, what the leadership of the Department of Defense has indicated is that in the future, if we are able to make savings, we will be able to keep that. What that means is we will be able to modernize the Army. And as you know, you see the budget, we need more funds in the Army to modernize the Army, both in terms of weapon systems and quality-of-life facilities. Privatization means that potentially we will be able to do that better in the future.

I believe that, as you did last year, you permitted us to move forward with testing the capital venture initiatives in housing. We believe that, potentially, if we test other concepts, that we will find the ability to save money, be responsive and concerned to soldier and family needs, and also show that those employees who might be affected by privatization can be considered.

So we believe that there is potential, sir.

Senator BURNS. Well, I appreciate your views on that, because it is a different approach. And you are to be congratulated. And I think the Secretary of Defense is to be congratulated for initiating this.

PREPOSITIONING IN SOUTHWEST ASIA

Let us switch gears a little bit and talk about Southwest Asia and prepositioning. Do you have any indication that our friends are more willing to contribute now, and how is that coming along? And if they are, when could we have a report on how well we are being received?

Mr. WALKER. Let me say, when I visited Qatar last year, I was pleased to learn that the country is providing a substantial benefit to our prepositioning there. They are providing, at no cost to us, the use of a number of things: utilities, ammo bunkers, security. They are waiving customs fees. And, importantly, they are providing free land use. And there are other ways that that country is assisting us in the region, particularly as we try to keep together the very important task of Arab-Israeli peace.

So there are a number of things that the leaders of the Government of Qatar are providing to us.

In addition to that, the Central Command, which is the command responsible for that area of operation, requested that the Department of State seek expanded contributions from our host nations in the region.

Senator BURNS. Has State responded to that?

Mr. WALKER. They have, Mr. Chairman. In fact, they have done it a couple of times. As recently as last month, they sent a message to all their Embassies in the region asking that they become personally engaged and seek expanded burdensharing.

Senator BURNS. Senator Reid.

Senator REID. Thank you, Mr. Chairman.

Mr. Walker, I am very concerned about a couple of things. First of all, I think we did a good job last year. We were one of two appropriation bills that got signed in time. And that was the case, even though we added about \$497 million to our bill. But I think the vote was so overwhelming that the President recognized that, if he had vetoed, it would have been overridden.

GUARD AND RESERVE

My concern, though, is Senator Burns and I and the rest of the committee invited you to do better than you have done in the past with the Guard and Reserve programs. If there were ever an admonition that was not followed, it is in this instance. What has happened here is, in the joke category. For the Army Guard, we appropriated \$137 million last year. The request for fiscal year 1997 is less than \$8 million.

Now, we receive tremendous pressure on the floor and as a subcommittee from Senators, Republicans and Democrats, all over the United States, who have things that they feel are desperately needed. The request for 1997 is for less than \$8 million, and that includes zero for construction for the Army Guard. So either the administration is preparing to put the Army National Guard out of business or, more likely, it expects us again this year to add to the budget. It puts us in a very difficult situation.

The overall request for the Guard and Reserve is less than one-half the amount we appropriated in 1996. So in order to match last year's amount—that is just to match it—we would have to add \$250 million to the budget. It is going to be extremely difficult for us not to do it. It is going to be extremely difficult for us to do that.

How do you respond to the problem, the quandary, we find ourselves in?

Mr. WALKER. We do have a serious problem in funding National Guard infrastructure requirements, not only in the military construction arena, but also in the base operations arena and depot maintenance arena. Quite frankly, we have 3,000 armories around the country, and 1,400 of those armories are classified as inadequate. And in the long-range plan, which is put together by the 50 State Adjutants General, there are 404 which are in critical need of being revitalized. That is about \$900 million.

I will ask General Navas, our Director of the National Guard, to respond in just a moment, and explain to you the difficulty that the National Guard had as they added up all of their requirements and tried to pay their bills, and where they found themselves. And then I would like to talk about what we are looking at in the future.

Senator REID. Please, General, come forward. But let me also indicate why Senator Burns and I and the subcommittee are having great—well, at least I will speak for myself now, but I think Senator Burns would agree—we are talking about having the \$900 million shortfall that you have just talked about, but yet if we look through this budget, the only category where there is an actual increase is NATO.

NATO INFRASTRUCTURE

So I am telling you that this is going to be real tough to sell at home, that we have all over the U.S. Guard and Reserve facilities which are crying out desperately for help. And instead of getting \$900 million to do the job that needs to be done, we are being asked to appropriate \$8 million, most of that does not go to any construction. Yet, for NATO infrastructure, we have a 29-percent increase over last year's amount.

Mr. WALKER. Before I call on the General, if I could just make a point about NATO. Most of that is money we do not see in the Army, of course. It goes substantially to the Air Force. But we do know this: the United States receives more money back from the NATO program than we appropriate. So from the standpoint of cost/benefit—

Senator REID. Try to explain that at home, though.

Mr. WALKER. Sir?

Senator REID. Try to explain that at home.

Mr. WALKER. I know, that is very difficult. Yes, sir.

Senator REID. I mean, you explain it to me for beginners: How do we receive more than we put in?

Mr. WALKER. We provide approximately 28 percent of the total NATO infrastructure funding. And in return, we get back approximately 40 percent of all NATO infrastructure spending.

Senator REID. How do we get it back?

Mr. WALKER. Sir?

Senator REID. How do we get it back?

Mr. WALKER. We get it back in a variety of ways. There are wartime facilities that are constructed with NATO funds throughout the European region.

Senator REID. You see, Mr. Secretary, I understand that. But when I go home to Elko or Reno or Las Vegas or Searchlight, and explain to them that we are spending far more on NATO, and I come back and say, "But do not worry about it, we get that back." And they say, "Well, how?" And I give them your explanation. That does not work.

Mr. WALKER. Your point is well taken, Senator.

General.

General NAVAS. Sir, I am Major General Navas, Director of the Army Guard, Department of the Army.

ARMY GUARD FUNDING

Our situation in the Army National Guard, in our funding, in this constrained resource environment is no different than the active Army. The active Army basically pushes its modernization, recapitalization, and investments account to pay for near-term readiness. We do not have recapitalization, procurement, or investment accounts in the Army Guard.

So I need to take my two major appropriations—three actually—my two major NGPA, personnel and allowances and operations and maintenance and Milcon, and I need to buy short-term readiness to be able to provide to the Army those units that are required, in the early days, dictated by the defense planning guidance, in the

first 30 days of a contingency, in the first 60 days, or in the first 90 days.

So what we have done is we have pushed funds around and we have mortgaged future infrastructure investment accounts, the Milcon, to buy this short-term readiness. We have actually only two high-priority projects in this year's budget. That is an armory in Bismarck and a range facility. And those are the only two projects we have.

Hopefully, we can work through this program by restructuring the initiatives that we have ongoing, and we can then be able to buy back some of our infrastructure and build the infrastructure that we need to either replace existing aging infrastructure, like the Secretary has said, or be able to provide facilities for our new mission. But at this time, it is a matter of buying short-term readiness at the expense of long-term investment on infrastructure.

Senator REID. I would just say this. As I understand the new military as it is supposed to be, we are going to have more of a dependence on our Guard and Reserve than we have in the past; is that not right?

General NAVAS. Yes, sir.

Senator REID. All I can say it is a funny way to show it.

General NAVAS. Well, sir, I would say, if I may, right now we are in a transition up here. We are coming out of the cold war. We are going into this new era, where we see more of our Guard and Reserve being utilized. I had elements of our units in Haiti. I have today elements of our units deployed in Bosnia and Germany. We do peacetime engagements. And the key here, and what is so important to our facilities and the quality-of-life piece for the Guard and the Reserve is that our armories are no longer and are not going to be any longer the place where you store equipment and do administration.

Senator REID. What are they going to be used for then?

General NAVAS. Sir, they are going to be basically the center of minideployment platforms. The way we are calling up our individuals, you send elements of units. Elements of those units stay behind. They are the ones who deal with our family support programs, with our employer support programs. They are learning centers. We are striving to go into distributed training. We are trying to go to basically simulations and devices.

We need to, in order to garnish resources, we need to make these armories basically the learning centers, the mini-Fort Braggs, if you will, where we launch our units and they are community based.

Senator REID. General, I would only say I agree with you, but it is, again, an unusual way to show it by not putting any resources into this.

General NAVAS. Sir, I cannot agree with you more. Again, you have some short-term readiness requirements that are pressing. And what we have done is, within the total authority that I have in the Army National Guard, that is the best I can do.

Senator REID. Let me just say this one thing. Mr. Chairman, I would ask that we ask General Navas to supply to us the most important 200 million dollars' worth of improvements that are needed for Guard and Reserve, so that we have that. Otherwise, I think

you are going to see us just doing it. And I do not think that is the right way to do it. So I am asking, on behalf of this subcommittee, that you supply to us, at our direction, what you feel is the most important—I say \$200 million, but use whatever figure—if you want to up it to \$250 million, so we have a little more discretion, that would be fine—but I think that is important you do that for us as soon as possible.

General NAVAS. I would be happy to submit that for the record, yes, sir.

[The information follows:]

NEEDED IMPROVEMENTS

The following list of improvements is in two parts; the first set represents the Army National Guard Future Year Defense Plan (FYDP) and the second set represents an additional \$250 million requirement:

State/location	Project	Cost	Program year
Illinois: Danville	Armory	\$1,740,000	1999
Iowa: Camp Dodge	Tng site, fuel dispensing fac	629,000	1999
Oklahoma:			
Camp Gruber	Range, mod record fire (RETS)	1,050,000	1999
Enid	OMS #10 replacement	558,000	1999
South Dakota: Rapid City	AASF ramp	2,400,000	1999
Wisconsin: West Bend	AVN AASF	5,263,000	1999
Alaska: Fairbanks	Armory addition	2,657,000	2000
Arizona:			
Phoenix (Papago Park)	Armory add/alt (aviation)	1,578,000	2000
Fort Huachuca (Sierra Vis)	Range, qualification training	2,283,000	2000
Arkansas: Benton	Armory	1,673,000	2000
Colorado: Fort Carson	Armory	2,941,000	2000
Georgia: Elberton	Armory add/alt	1,400,000	2000
Hawaii: Wahiaawa	AVN, C-26 hangar	1,919,000	2000
Iowa: Fairfield	Armory add/alt	900,000	2000
Kansas: Topeka	USPFO warehouse rehabilitation	1,867,000	2000
Maryland: Annapolis	Armory, add/alt	1,123,000	2000
Minnesota: Camp Ripley	Range, MPMG/SNIPER (RETS)	1,023,000	2000
Oklahoma: Lexington	AVN, AASF expan (CH-47 hangar)	8,627,000	2000
Tennessee:			
Alcoa	Armory	2,919,000	2000
Ashland City	Armory	1,251,000	2000
Texas: Bryan	Armory, add/alt	2,337,000	2000
OMS .....	.....	1,358,000	2000
Utah: St. George	Mil educat and read ctr, addition	881,000	2000
Vermont: Ethan Allen FR (Jericho)	Range, various	746,000	2000
Virginia: Danville (Squire)	Armory add/alt	1,789,000	2000
Arizona: Phoenix	CSMS	10,050,000	2001
Arkansas: Camp Robinson	AVN, AASF	8,330,000	2001
Indiana: Camp Atterbury	Tng site, central veh wash fac	4,732,000	2001
Montana: Fort Harrison	Cbt pistol qual range	441,000	2001
New Jersey: Fort Dix	Tng tech battle lab expan ph I	2,000,000	2001
Texas: Jasper	Armory	1,730,000	2001
Utah: Richfield	OMS	555,000	2001
FYDP total .....	.....	78,750,000	

State/location	Project	Cost	Priority
New York: Camp Smith	Tng site, BOQ	7,790,000	1

State/location	Project	Cost	Priority
Minnesota: Camp Ripley	CSMS/class IX ph II	6,900,000	2
Louisiana: Plaquemine	OMS #15 rehab	776,000	3
Montana: Billings	Armory, AFRC (ARNG, \$8,830,000)	12,353,000	4
Illinois: Springfield	Tng site, mil ed fac	9,821,000	5
Washington: Yakima	Mates	30,740,000	6
Wisconsin: West Bend	Armory	1,708,000	7
Illinois: Marseilles	Tng site, BN complex	9,463,000	8
Michigan: Augusta (Fort Custer)	Armory	5,014,000	9
Idaho: Gowen Field	Armory, alteration AVN	3,367,000	10
Texas: San Antonio (I-35)	OMS	2,687,000	11
California: Camp Roberts (mates)	Chp controlled humidity fac (6)	2,374,479	12
Georgia: Fort Stewart (mates)	Chp controlled humidity fac (6)	2,374,479	13
Hawaii: Pearl City (mates)	Chp controlled humidity fac (6)	2,374,479	14
Idaho: Gowen Field (mates)	Chp controlled humidity fac (6)	2,374,479	15
Michigan: Camp Grayling (mates)	Chp controlled humidity fac (6)	2,374,479	16
New York: Fort Drum (mates)	Chp controlled humidity fac (6)	2,374,479	17
North Carolina: Fort Bragg (mates)	Chp controlled humidity fac (8)	2,374,479	18
Virginia: Fort Pickett (mates)	Chp controlled humidity fac (6)	2,374,479	19
Texas: Fort Hood (mates)	Chp controlled humidity fac (6)	2,374,479	20
Washington: Yakima (mates)	Chp controlled humidity fac (6)	2,374,479	21
Wisconsin: Fort McCoy (mates)	Chp controlled humidity fac (6)	2,374,479	22
Mississippi:			
Camp Shelby	Range, MPRC-H ph II	19,000,000	23
Various	Avenger fac add/alt ph II	5,600,000	24
Montana:			
Great Falls	Armory	3,300,000	25
Shelby	Armory	1,500,000	26
Oregon:			
Ontario	Armory	3,000,000	27
The Dalles	Armory	3,000,000	28
Montana: Kalispell	Armory	714,000	29
Alaska: Nome	Mobilization center	6,695,000	30
Oregon: Monmouth	Armory	3,000,000	31
Montana:			
Butte	Armory	970,000	32
Havre	Armory	1,306,000	33
Alaska:			
Juneau	Mobilization center	2,500,000	34
Bethel	Mobilization center addition	6,386,000	35
Iowa: Davenport	Avn fuel storage and disp fac	499,000	36
Nebraska: Lincoln	USPFO, rehab warehouse to office	2,295,000	37
Mississippi: Senatobia	Armory	4,249,000	38
Oklahoma:			
Ardmore	OMS #11	1,142,000	39
Oklahoma City	Armory, combined command	5,454,000	40
Mississippi: Vicksburg	Armory	4,141,000	41
Iowa:			
Waterloo	Avn fuel storage and disp sys	451,000	42
Camp Dodge	Tng site, BN complex PH IV	4,515,000	43
Arkansas: Hazen	Armory	3,243,000	44
Delaware: Dagsboro	Armory	2,022,000	45
North Dakota: Wapheton	Armory	3,329,000	46
Louisiana: Jackson Bks (New Orleans)	OMS	1,372,000	47
New Jersey: Fort Dix	Tng tech battle lab expan ph I and II.	8,137,000	48
California: Los Alamitos	OMS/add/alt	1,048,000	49
Arkansas: Warren	Armory	2,296,000	50
Indiana: Marion, Grant County	Armory	3,294,000	51
Colorado: Fort Carson	Mates ph I	2,856,000	52

State/location	Project	Cost	Priority
Virginia: Fort Belvoir	Armory	6,450,000	53
Guam: Barrigada	Armory (600 person) ph I	7,500,000	54
Puerto Rico: Camp Santiago	Range, Moutassault course (MAC)	1,461,000	55
Hawaii: Hilo	Avn AASF #2 add/alt	5,950,000	56
Kansas: Iola	Armory, add/alt	1,228,000	57
Louisiana: Napoleonville	Armory	1,380,000	58
Total projects 58		248,021,269	

Mr. WALKER. Senator, if I could add something as to how we are looking at this in the future, and I do not want to bore you with our internal processes. But we have had in the past subcommittees similar to this subcommittee inside the Army that helps put together the program and the budget. In the past, there was a separate program evaluation group—it is called—for the National Guard and Reserve. And they were given a top line. And they were told, you have got to do your drills out of this, you have got to do your annual training out of this. And so when they added it all up, what they found was they did not have very much left over for infrastructure at the end.

Well, this year, we have changed that, beginning with the POM, the program that begins in 1998, through the year 2003, we have fewer evaluation groups, fewer subcommittees. And, oh, by the way, the National Guard no longer competes against itself, but it competes with all the Army inside for installations.

Senator REID. Yes; but the problem with that is the Guard always loses.

Mr. WALKER. Well, there is another difference there. The Secretary of the Army has said that I have to be a cochairman of that subcommittee, and also this is an issue that has troubled him a great deal, particularly as he has testified and heard those exact comments that you have made throughout both the House and Senate side. And he has told us that he expects to see something better next year.

Senator REID. But it is always next year for the Guard and Reserve.

Mr. WALKER. Yes, sir; well, the Secretary is like E.F. Hutton, when he talks, I listen. [Laughter.]

Senator REID. Mr. Chairman, let me just say—I know I have taken too much time—I have some other questions in writing that I want to submit, dealing with the ammunition depots in the western part of the United States, and if you could get those answers back to us in writing within the next 10 days, that would be appreciated.

Mr. WALKER. We will certainly do that.

Senator BURNS. Let me associate myself with Senator Reid, because we get into a situation on the floor and a perception—in this town where perception becomes fact—that we are just adding on pork. And it is hard to defend, especially those who would be critical on the floor. We know that there are some things that have to be done. I think we get lulled into a situation, especially from your standpoint that, well, we will not put it in the budget, we will let the Senators go up there and fight for it.

Well, it gets tougher every year, and we could sure use some help with a plan of laying out just exactly where you want to go and how do you want to get there—if we have that in front of us as a master plan, whenever we start talking about funding for the Guard and the Reserves. So I want to associate myself with that request that the ranking member makes. I think it is a good request.

Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman.

I have to say that my mind has been stimulated by the comments of my colleague, Senator Reid. We obviously always get accused of pork-barrelling, but I know our mail rarely includes Guard armories in that category. We get accused of highway special money and water projects and everything else, but I think most of the people in my State are pretty solidly behind our Guard, and we rarely get any angry letters if we try to rebuild an armory or elevate the status of the Guard units.

Mr. Assistant Secretary, you mentioned NATO money, that 40 percent, did you say, of money that goes to NATO is spent in some way to benefit America?

Mr. WALKER. That is my recollection, both in terms of facilities that are built and also in terms of programs like communication programs, which are substantially spent, I would add, with American companies.

Senator CAMPBELL. Well, reflecting on what Senator Reid said about the difficulty of selling these things at home anymore—we have the same problem with foreign aid, as you might guess—we are always accused of sending money to foreign countries when we are not taking care of our hometowns—do you have it in your authority to be able to provide us with some kind of a study or a document or a letter or something specifying how that money benefits the United States?

I remember some years ago I was having a really tough time defending some money in the foreign aid package that went to Israel. And I remember getting a document that detailed the American products that that money went to buy. And it turned out that about 80 percent of the money that was given to Israel actually was spent in this country on American products. And I managed to take that home and point out some things right in my home State of Colorado where the money that went to Israel never really left; it, in fact, ended up in some of the manufacturing plants in Colorado.

If we could do something along that same line with that 40 percent you talked about, maybe it would help us all defend it a little better.

Mr. WALKER. That is exactly the situation in the NATO infrastructure program. Of course, the NATO infrastructure program does not fall under my jurisdiction, but we can work with those in the Department of Defense who have responsibility for that and make sure it is made available.

Senator CAMPBELL. Can you get that for this whole committee?

Mr. WALKER. Yes, sir; we will.

Senator CAMPBELL. Because I know it would help me, and I think Senator Reid, too, when we have to go home and defend some of that money.

Mr. WALKER. Yes, sir.

[The information follows:]

NATO INFRASTRUCTURE

The following are representative listings of projects that directly support U.S. requirements, continental U.S. construction, and provide business for U.S. contractors.

<i>Project title/location</i>	<i>Approximate value</i>
Projects under construction in fiscal year 1995 and 1996:	
Emergency Repairs to Sigonella Runway (Operation Desert Storm), Italy	\$7,600,000
Maint. and Support Facility for Ship-Borne Helos, Sigonella, Italy	548,100
Replace Conventional Ammunition Depot, Sigonella, Italy	296,200
Restore Sigonella Airfield Lighting System, Italy	515,900
Airfield Drainage, Ramstein, Germany	23,000,000
Taxiway and Lighting, Ramstein, Germany	40,000,000
MMS Power Requirements, Ramstein, Germany	2,900,000
Patriot Support Facility, Miesau, Germany	2,300,000
Emergency Repairs to Souda Bay Runway and Taxiway (Operation Desert Storm), Greece	414,000
Complete Harbor Facilities, Souda Bay, Greece	278,600
Restore Runway and Taxiway, RAF Lakenheath, England	21,000,000
Restore Runway, Incirlik, Turkey	31,700,000
Restore Taxiway, Incirlik, Turkey	26,100,000
Modify Jet Fuel Storage, Incirlik, Turkey	4,100,000
Modify Munitions Storage:	
Akinci, Turkey	6,200,000
Araxos, Turkey	8,400,000
Balikesir, Turkey	9,000,000
Ghedi, Italy	11,200,000
Aviano, Italy	14,000,000
Planned in 1996:	
Modify Munitions Storage, Incirlik, Turkey	25,000,000
Restore Hardstand Throats, Mildenhall, England	10,900,000
Hangar Restoration, Keflavik, Iceland	21,600,000
Restore Shelter Door Drives, Aviano, Italy	1,000,000
Widebody Aircraft Ramp, Ramstein, Germany	52,000,000
Restore Sewage Treatment Plant, Spangdahlem, Germany	1,600,000
Engine Test Apron, Spangdahlem, Germany (conjunctive with U.S. MilCon)	432,000
Missile Main Bay Addition, Spangdahlem, Germany (conjunctive with U.S. MilCon)	730,000
Engine Test Apron, Spangdahlem, Germany (conjunctive with U.S. MilCon)	414,000
Fuel Storage, Oerland, Norway	4,600,000
Restore Fuel Storage, Preveza, Greece	3,000,000
Pipeline Replacement, Elazig to Diyarbakir, Turkey	18,500,000

NEW OR ONGOING PROJECTS IN UNITED STATES

Project	NATO cost	Location/State
SACLANT Command and Control Information System	\$11,500,000	Norfolk, VA.
Joint Project Coordination Office	7,100,000	Norfolk, VA.
Alpha Command and Control Information System	9,100,000	Norfolk, VA.
Aircraft Ground Equipment Facility	3,400,000	Brunswick, ME.
Jet Fuel Storage Installation	4,500,000	Brunswick, VA.
Upgrade Approach Lighting	100,000	Brunswick, ME.
Upgrade Electrical Distribution	100,000	Brunswick, ME.
Replace Trestle	26,200,000	Earle, NJ.
Advance Weapons Facility	10,300,000	New London, CT.

NEW OR ONGOING PROJECTS IN UNITED STATES—Continued

Project	NATO cost	Location/State
Modify Magazine Doors	100,000	Jacksonville, FL.
Wash-down Apron	100,000	Jacksonville, FL.
W11W Antenna	500,000	Key West, FL.
Total	73,000,000	

U.S. PROJECTS ANTICIPATED IN THE FUTURE

Project	Total cost	Location/State
Pier 4 Extension	\$78,000,000	Earle, NJ.
Rail Road Staging Area	3,100,000	Camp Lejune, NC.
Air Cargo Handling Equipment	600,000	Cherry Point, NC.
Mine Handling Equipment	700,000	Morehead City, NC.
Upgrade of Embarkation Facility	600,000	Morehead City, NC.
Equipment Handling Facility	8,000,000	Gulfport, MS.
Mine Warfare Training Center	7,800,000	Ingleside, TX.
Replace Pier 2	46,000,000	Norfolk, VA.
Upgrade Piers 5, 20, and 22	19,000,000	Norfolk, VA.
Provide Two Magazines	6,000,000	Yorktown, VA.
Total	169,800,000	

U.S. FIRMS CURRENTLY EXECUTING NATO CONTRACTS

[Dollars in millions]

Firm/State	Type of contract	Amount
Bechtel Corp., California	Modify Munitions Storage	\$30
Litton Corp., California	TARE Program (NATO Communications Link)	4
Magnavox, Virginia	Computer Modems	2.5
Motorola, Virginia	UHF Terminals for Gulf Operations	2
ALCATEL	Communications Equipment	2
AYDIN, Pennsylvania, California	Upgrade Radar Program	4
EDO, Virginia	Radar Integration Program	2
E Systems Corp., Florida	Ship-Shore-Ship Buffer System	8
Hughes Corp., California	Radar Medium Power Amplifiers	5
Satellite Sys, New York	Battlefield Information Management Study	2
Delta Data Sys	Satellite Ground Terminals	9-10
Loral Corp., California	Encrypted Communications Terminals	3.2
Oracle, Maryland	Communications	1
Hughes, California	Communications	1
McDonald-Douglas, Missouri	Southern Region Radar Upgrade	125
	Iceland Air Defense System	85
	Launch of NATO Communications Satellite (completed).	40

POTENTIAL U.S. BIDDERS ON FUTURE PROJECTS

NATO Air Command and Control System: TRW (VA), Lockheed (CA), Hughes (CA), Westinghouse.
 Communications in Turkey: AT&T.

HOUSING SHORTAGES

Senator CAMPBELL. Let me ask you a couple of other things, too. You mentioned about needing the resources to alleviate some of the housing shortages. I take it that that means funding rather than authority; is that correct? You alluded to that.

Mr. WALKER. Yes, sir.

Senator CAMPBELL. In my home State of Colorado, we have, as you know, the Pueblo Depot Authority that is in the process of being realigned. And we are having, obviously, some trouble down there. Because since it is in that process, it does not seem that the Army really wants to spend as much money as we think there ought to be in keeping the facilities intact and up. And some of them are deteriorating. And we are worried that there will be a time when we try to lease those that we are going to have a tough time leasing them because the facilities will not be in as good a shape as we would like.

Are there any changes that we can make to ensure the conditions of those facilities are not going to continue deteriorating beyond the point where we would be able to make a profit on them?

Mr. WALKER. Well, Senator, I will take a look at that situation myself, and I will get back to you on that.

Senator CAMPBELL. Would you do that?

Mr. WALKER. Yes, sir.

[The information follows:]

PUEBLO DEPOT ACTIVITY

In February 1996, the Army executed a master lease with the Pueblo Depot Activity Development Authority for available land, buildings and personal property. This will allow the productive use of the vacant facilities by sublessees and reduce the likelihood of deterioration of the facilities. Additional buildings will be added to this master lease in subsequent phases as previously coordinated with the Authority.

Senator CAMPBELL. OK. I appreciate that.

Also, there is money that you requested in the last budget, the Secretary did, requested for the chemical demilitarization for the Pueblo facility. And I was wondering what the money is actually going to be spent for. If you do not know that, if you could get back to me on that, too, I would appreciate it.

Mr. WALKER. It is for the first phase of construction of the demil facility. And exactly what that phase provides, we will provide you for the record.

[The information follows:]

CHEMICAL DEMILITARIZATION PROGRAM

The fiscal year 1997 Military Construction, Defense-wide request for Pueblo Chemical Agent Disposal Facility (\$17.5 million) is the first of three increments totaling \$175 million required for this facility. The first year increment essentially covers activities, such as earthwork, surveying, site work and mobilization, utilities, concrete footings and slabs, and the purchase of longlead time building related equipment. Additionally, funding for the construction of the gas and electrical distribution systems and the electrical substations by local utility companies are included in this request.

LOWRY AIR FORCE BASE CLOSURE

Senator CAMPBELL. OK. I appreciate that.

And last, in Colorado, we have had experience with the BRAC process for the closure of Lowry Air Force Base, as you know. One of the problems we had with Lowry was we did not have the ability, and apparently the military has not either, to release the land due to environmental restrictions on cleanup. And my position, of course, in the case of Lowry is, it has been a military base for decades, so it ought to be the military's responsibility to clean it up so we can do something with it.

Is that going to further hinder the releasing of that land, the fact that we have not been able to clean it up?

Mr. WALKER. Well, of course, Lowry would be the responsibility of the Air Force. But, in our case, we—in fact, all services are required to clean up before all the property is turned over. However, there can be, and in the Army, we make a special effort to allow those cleaned parcels to be out-leased as soon as possible so the community can get back on its feet, quite frankly.

We believe, you know, these communities that are affected by base closures have helped us become the Army that we are today. And we believe that we have a special responsibility to them. And as a result of that, we are doing everything that we can to try to make those facilities and make those installations available as soon as possible even if we are unable to completely clean up at the present time.

Senator CAMPBELL. Well, Lowry is the responsibility of the Air Force. I should have used Fitzsimmons as perhaps a better example.

Mr. WALKER. Yes, sir.

Senator CAMPBELL. But you are in the process, I guess, of—

Mr. WALKER. Yes, sir, we are.

Senator CAMPBELL. OK. Thank you.

Thank you, Mr. Chairman. I have no further questions, but if the Assistant Secretary would provide us those things in writing that I asked for.

Mr. WALKER. We will certainly do that.

Senator CAMPBELL. Thank you.

SOUTHERN COMMAND

Senator BURNS. Areas of concern, Mr. Secretary, one of them being the Southern Command. I understand we are moving to an operational lease in Dade County. I would ask why the Secretary chose this course of action. That is the first question. And, of course, I can remember when I think we went through the same conversation whenever we were going to renovate the Pentagon.

Do you want to respond to that, with regard to the Southern Command?

Mr. WALKER. Yes, sir; as you know, just a couple of weeks ago, Secretary Perry designated the site where an operational lease would be executed to build Southern Command and operate Southern Command headquarters. The Army is the executive agent for executing that lease. And what occurred there was the Corps of Engineers looked at all the potential ways of financing a new headquarters.

Well, as you know, it is very difficult to ask for military construction for headquarters, for administrative facilities. And they actu-

ally found, as they looked at their options, that the best approach would be to lease a facility. And that was the approach that Secretary Perry chose; that it was the most cost efficient and it provided us the quickest opportunity to get into a facility and bring the SOUTHCOM headquarters into the United States.

Senator BURNS. Well, our concern when that first was announced is that the cost of living and the cost of everything in Miami is such that we are going to have support people in that Southern Command that are going to struggle in that environment.

Mr. WALKER. My understanding is that the Department of Defense looked at 16 different locations, and they took into consideration all of those factors, and they weighed each of the factors, including family housing, before they finalized their decision on Miami.

QUALITY OF LIFE

Senator BURNS. Well, I still have some strong concerns about that and the way it was sort of moved around. And I just have real strong concerns. But I have a stronger concern, and that is quality of life on our bases. I know we changed the focus of this committee to housing, especially for our enlisted people, our E-1's through E-5's. And I still have a concern about that.

The Secretary of Defense has recommended new standards for barracks and single folks who serve our military, the one-by-ones and this type of thing. Are those standards being implemented? And, if they are, bring us up to date.

Mr. WALKER. Yes, sir; they are. We have a plan in the Army which would allow us to reach that standard in 18 years. That is a long time. But, nevertheless, it is a glide path that shows those young men and women who are in the services that we are going to try to provide them better facilities in the future.

We have a lot of barrack spaces, I have got to tell you. I forget exactly the number at the moment. The one-plus-one standard—and I know there has been some concern—it costs you a little bit more. It costs you about \$77,000 a space. But the two-plus-two standard costs \$59,000. So we believe that the additional \$18,000 a space is an investment in keeping good individuals, good soldiers, in the military, to retain those, to offer them an opportunity in recruiting.

Senator CAMPBELL. Did I hear that right, Mr. Under Secretary, \$79,000 a space for barrack space for a soldier?

Mr. WALKER. \$77,000.

Senator CAMPBELL. \$77,000?

Mr. WALKER. Yes, sir.

Senator CAMPBELL. It sure was not that way when I was in the service.

Senator BURNS. Well, you and I slept on the ground, though.

Mr. WALKER. It is a lot different from the way it was 27 years ago when I was there, too, sir.

Senator CAMPBELL. Thank you.

Senator BURNS. We can understand that. Them stars were our roof.

Mr. WALKER. And that is a reflection of how the country has changed, and how our young people need more space and more privacy today.

Senator BURNS. Do you believe that the Army has taken the Secretary pretty seriously on this? Are they moving in that direction?

Mr. WALKER. Yes, sir; we are.

Senator BURNS. Senator Reid, do you have any followups?

Senator REID. Yes; I am going to submit mine in writing, if you will do it.

Senator BURNS. I think I have a couple more that we are going to submit in writing, and I would suggest that any other member—Senator Campbell, do you have any at this time?

Senator CAMPBELL. I have no further questions, Mr. Chairman. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. We have some more that we would like to submit in writing, Mr. Secretary, if that is possible. And I would suggest that other members of this committee, that these proceedings stay open for their questions. If you could respond both to the committee and the individual Senator, we would appreciate that very much.

Mr. WALKER. We will do that.

Senator BURNS. We still have a little area to cover, but we are also awfully busy in other areas here. We are involved in a couple of issues that are on the floor now, and we have to do a little work on that. So we appreciate you, Mr. Secretary, coming down this morning. Again, let me apologize for being a little late. But I think it has been a very fruitful hearing, and we will await your responses on the written questions.

Mr. WALKER. Thank you, Mr. Chairman. Thank you very much.

Senator BURNS. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

QUESTIONS SUBMITTED TO SECRETARY ROBERT M. WALKER

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

NEW BARRACKS STANDARD

Question. Secretary Perry's new barracks standard specifies a module which contains two living and sleeping rooms, closets, a bath and a service area. It has a maximum size of 506 square feet. This space is intended for E-1's thru E-4's, or an E-5 or above.

Secretary Walker, when do you anticipate that the Army would meet this standard under current funding conditions?

Answer. It will take approximately 18 years in CONUS and 25 years overseas to fix barracks. This is based on a level of funding equivalent to \$250 million per year in CONUS for the new standard and \$30 million per year in Korea for a modified standard, in today's dollars.

Question. Do you consider the new Barracks construction standard (1+1) to be a goal or a standard for the Army?

Answer. It is the Army's standard.

Question. What is the single soldier community of excellence program that you have created?

Answer. The single soldier community of excellence is part of our overall vision to provide quality living conditions for all our soldiers. It encompasses the total bar-

racks living environment-architecture, landscaping, recreation, and convenient community services to ensure we provide the best facilities possible to our single soldiers.

Question. Do you believe the Army is taking Secretary's Perry's new standard seriously?

Answer. Most definitely, Yes. The Army is committed to barracks modernization as one of its highest MILCON priorities using the new barracks standard as its model.

CHEMICAL DEMILITARIZATION PROGRAM

Question. Each year we have taken the funding for the chemical demilitarization facilities. This year there is funding for Pine Bluff, Arkansas (\$46 million), Pueblo, Colorado (\$17.5 million), and Umatilla, Oregon (\$64 million). Last month, a contract was awarded for the construction of the facility at Anniston, Alabama. However, the environmental licenses and permits have not been granted. Mr. Secretary, what is the status of Anniston?

Answer. The Anniston Systems Contract was awarded with a "limited notice to proceed" provision to Westinghouse Electric Corporation on February 29, 1996. This provision allows for Westinghouse to commence necessary preconstruction activities, such as submitting for approval the Emergency Response and Safety Plans; reviewing in detail the designs; obtaining necessary construction permits; and submitting insurance certificates and bonds. No construction efforts will commence until receipt of the necessary environmental permits, which are expected in the fourth quarter of fiscal year 1996.

Question. Are we going to see the funding for the chemical demilitarization facility at Anniston obligated in this fiscal year?

Answer. Yes, the military construction funding for the Anniston Chemical Agent Disposal Facility was obligated upon contract award.

Question. We have committee members from each of these States so this is a concern to us. We have asked these questions of the Army before and it has never happened. Can you tell me what is different this year?

Answer. The Anniston systems contract was awarded February 29, 1996. Request for Proposals (RFP) for the Umatilla, OR and Pine Bluff, AR facilities were issued July 7, 1994. The RFP for the Pueblo, CO facility was issued February 3, 1996. In addition, we are making progress on the environmental permitting front. Permits for the Anniston facility are expected by the fourth quarter of fiscal year 1996. Anniston permitting progress has benefited the permitting processes in Oregon and Arkansas, thus increasing the likelihood of obtaining those permits on schedule.

Question. Why is Pueblo in the budget when Pine Bluff and Umatilla are not yet approved?

Answer. It is anticipated that the systems contracts for constructing Pine Bluff and Umatilla Chemical Agent Disposal Facilities will be awarded in the fourth quarter of fiscal year 1996. The States' officials have been kept apprised of the progress made on the environmental permitting front. This will serve to familiarize the States' officials with the process, thus resulting in an acceptance and more timely approval of the necessary environmental permits. It is anticipated that all necessary environmental permits will be in place to award the contract for construction of the Pueblo facility in the third quarter of fiscal year 1997, as scheduled.

LACK OF FISCAL YEAR 1997 FUNDING

Question. Mr. Secretary, does the Army have a program for infrastructure renewal?

Answer. We have funded new construction for improving living conditions and also for strategic mobility and critical mission requirements. However, we have been unable, given our overall resource constraints, to fully program for infrastructure revitalization.

Question. I understand that you think that privatization is the answer to your woes of inadequate funding for infrastructure. Please explain to this committee how you envision the privatization idea working.

Answer. Privatization and partnering with private industry can help the Army avoid capital investment and other associated infrastructure costs. We anticipate that private industry can potentially provide facilities which meet current standards quicker and at a lower cost than conventional military construction. The Army would like to expand the privatization process, and currently is involved in several privatization efforts.

The Army will take full advantage of new Capital Venture Initiatives (CVI) in the Fiscal Year 1996 DOD Authorization Act, which allows the Government to partner

with the private sector to acquire and revitalize military family housing, such as attracting private investment capital through guarantees and direct loans; commitments such as leases or differential payments; and investments such as limited partnerships and equity or debt instruments. A dedicated CVI Team has been established to assist installations and local communities in the development of projects that will prove mutually beneficial to the military and civilian population.

Seven Army installations are participating in CVI in fiscal year 1996. Forts Carson, Hood, Bragg, Campbell, Huachuca, Eustis and Sill. Projects are in varied stages of development, and are based on the military housing requirements and market conditions unique to the local area. We anticipate that all projects will provide housing quicker and at a lower cost than conventional military construction.

The Army has set a goal to privatize, or at least study, 75 percent of all feasible utility systems, and 100 percent of all gas systems by the year 2000. To date, ten utility systems have been privatized, five systems have been approved for fiscal year 1996 in the Fiscal Year 1996 DOD Authorization Act, and nine systems are being proposed for the fiscal year 1997 bill. Utilities privatization frees the Army of ownership responsibilities, and leverages the financial, technical, and professional capability of utilities companies.

The Army will be studying other ways of utilizing the private sector.

ASBESTOS REMOVAL

Question. Through the years we have heard of problems about paying for asbestos removal from base commanders. We are now hearing that it is only one certain type of asbestos that is considered dangerous. Secretary Walker, what is the Department's position on asbestos removal?

Answer. The Army's position is to follow Federal guidelines for removal of asbestos. These guidelines do not differentiate between types of asbestos and treat all types the same. The Army removes asbestos only when it is friable and accessible or prior to building demolition.

Question. Does the Army have special removal standards for all asbestos or only certain types?

Answer. The Army does not have special removal standards for different types of asbestos.

Question. Is the Department executing this requirement in the most cost effective manner?

Answer. Yes. The Army manages asbestos in place, removing it only when required by Federal guidelines to protect human health or the environment. Removal standards follow accepted industry practice.

ARMORIES

Question. Mr. Secretary, I am not aware of any armory projects requested in the fiscal year 1997 request. Why is this the case?

Answer. Severely constrained resources has limited the Army National Guard fiscal year 1997 request to only two critical projects. The Bismarck, ND, project includes Army Aviation Support Facility expansion and Armory replacement. The current Armory is inadequate and only provides about 20 percent of required space to adequately support the assigned unit requirements.

SOUTHWEST ASIA PREPOSITIONING

Question. Last year we zeroed the department's Southwest Asia prepositioning initiative. After much disagreement with the House and your intercession we receded to the President's request. However, in our conference we directed that all future funding of prepositioning in the area be provided through expanded contributions from our allies located in the region. Yet we are faced with another request and no contributions by any other country.

Secretary Walker, what efforts have been made by Central Command to get our friends to contribute?

Answer. Current host nation support in Qatar consists of no-cost use of some existing roads, utilities, ammo bunkers, and security fencing, waiver of custom fees, integration into available communication assets, and rent-free land use. Central Command, through the Office of the Secretary of Defense, requested the State Department's assistance in October 1995 in seeking expanded contributions from our host nations in the region.

Question. When can we expect results?

Answer. CENTCOM will continue to pursue burden sharing and we will notify the committee of milestones achieved.

Question. What role has the State Department played?

Answer. The State Department has notified all U.S. embassies in the area, through messages sent in February and April 1996, and has requested increased negotiations with the respective host nations to expand their contributions towards this Strategic Logistics Initiative.

Question. Who do we need to talk to at State?

Answer. It is our understanding that the appropriate official is the Deputy Assistant Secretary of State for Near East Affairs, Arthur Hughes.

SOUTHERN COMMAND

Question. Last week the Southern Command announced that they would enter into an operational lease in Dade County, Florida, for the relocation. This would move this action out of the Military Construction Subcommittee and put it under the jurisdiction of the Defense Subcommittee. Secretary Walker, why do you think the Secretary of Defense chose this course?

Answer. The decision to pursue a competitive lease for the headquarters facility was based upon a United States Southern Command (SOUTHCOM) summary of alternatives that was forwarded to the Deputy Assistant Secretary of Defense (DASD) for Economic Security and approved on 26 September 1995. The Mobile District, Corps of Engineers, developed a matrix of criteria to determine the best acquisition option. The results of the matrix indicated that leasing was the preferred option. The Secretary of Defense approved the specific lease on 9 March 1996.

NEWS RELEASE FROM HEADQUARTERS, UNITED STATES SOUTHERN COMMAND

Quarry Heights, Panama, March 15, 1996.

SITE SELECTED FROM SOUTHERN COMMAND HEADQUARTERS

Miami, Florida—Secretary of Defense William J. Perry approved the selection of SMPO Properties, Inc., of Memphis, Tennessee, as the successful offeror for providing the new U.S. Southern Command Headquarters in Miami, Florida.

SMPO Properties, Inc.'s proposal calls for construction of a new 154,848 square foot building at the end of the cul-de-sac at N.W. 91st Avenue in the WestPointe Business Park, according to officials of the U.S. Army Corps of Engineers-Mobile District. Once constructed, the facility will be leased to the government for a base rent price of \$1,734,960 per year plus services and utilities, said those officials. The lease is for a 10-year term.

"I am very pleased with this site selection for the new Southern Command headquarters building in Miami. Placing the headquarters in such a vital center of regional activity only underscores the importance we attach to Latin America. Furthermore, this move will enhance the Southern Command's capability throughout the region," said Dr. Perry.

"This good news means that our new home in Miami is another step closer to reality," said Rear Admiral James B. Perkins III, Acting Commander in Chief of the Panama-based Southern Command (SouthCom).

"As the gateway to Latin America and the Caribbean and the preeminent location from which to support regional security cooperation in the Americas, Miami will position us to engage more effectively with Latin America and later on also with the Caribbean," said Perkins.

SouthCom, the regional unified command responsible for all U.S. military activities in Central and South America south of Mexico, had the waters adjoining Central and South America added to its area of responsibility on January 1, 1996, as one of the latest changes to the Department of Defense's Unified Command Plan. The same plan—which allocates responsibility among the Nation's nine combatant commands—will transfer the Caribbean Sea and its island nations and the Gulf of Mexico on order by the Secretary of Defense not earlier than June 1, 1997.

Five offers for the new headquarters site were made, with four of them calling for renovating existing building, noted a Corps of Engineers officials.

"A Source Selection Evaluation Board made up of Mobile District, U.S. Army Corps of Engineers and U.S. Southern Command personnel evaluated the offers and selected SMPO Properties, Inc., based on quality and costs to the government," he continued.

The Panama Canal Treaty of 1977 requires the U.S. military to relocate from Panama by December 31, 1999. The SouthCom Headquarters relocation must occur not later than the summer of 1998 so that it is in position to direct final withdrawals from Panama, said SouthCom officials.

In keeping with that requirement, SouthCom began a search for a new headquarters facility. Several previous attempts, dating back to 1988, failed to reach a decision of a site for the headquarters. More recently, over 100 cities and military

installations in the continental United States and Puerto Rico were considered as potential sites for the headquarters in studies by the U.S. Army Corps of Engineers and the Department of Defense/Southern Command Selection Committee. On March 29, 1995, following recommendation by the Secretary of Defense, President Clinton announced Miami as the new home for SouthCom headquarters. Criteria for the selection were based on the ability of SouthCom to effectively perform its mission, quality of life for its personnel, and lifecycle costs.

Studies on the method of acquisition lead to the Department of Defense decision in September 1995 to use a competitive lease to house the headquarters. Other methods considered were new Military Construction on Federal lands and the enlargement/renovation of a vacant Coast Guard facility located in the Miami area.

Once the decision was made to seek a competitive lease, the Mobile District, U.S. Army Corps of Engineers began the process in November 1995 which culminated today with the selection of SMPO Properties, Inc.

The next steps in the process include final negotiations and the signing of the lease agreement this month. Construction of the new facility is to begin in April of this year with completion scheduled for March 1997. SouthCom will begin moving into the facility during the summer of 1997.

SOUTHERN COMMAND HEADQUARTERS BUILDING

Question. What do you consider an operational lease to be?

Answer. An operational lease is defined by OMB to distinguish it from a capital lease or lease-purchase, which are required to be scored in the agency's budget. Operational leases are the usual type of leases acquired by the Department, with capital leases and lease-purchases generally authorized by special legislation. Operating leases are defined by OMB in Circular A-11, which states, "An operating lease must meet all criteria listed below. If the criteria are not met, the lease will be considered to be a capital lease or a lease-purchase, as appropriate.

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.
- The lease does not contain a bargain-price purchase option.
- The lease term does not exceed 75 percent of the estimated economic life of the asset.
- The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the inception of the lease.
- The asset is a general purpose asset rather than for a special purpose of the Government and is not built to unique specification of the Government as lessee.
- There is a private sector market for the asset.
- The asset (structure) is not constructed on Government land."

Question. Do any operational leases exist in the Department at this time?

Answer. The number of operating leases controlled by the Army at this time is over 5,000. The majority of these leases are used to meet facility requirements for recruiting stations for the four military Services.

SOUTHERN COMMAND

Question. How can this Administration expect this Subcommittee to support the removal of this effort so that they do not have to be scrutinized. This has happened before—when you were Clerk on this Subcommittee, as I recall, the Department did not appreciate your efforts on the renovation of the Pentagon. Can you understand how this affects the relationship between us and the Department?

Answer. I understand your concerns. The relocation of the Southern Command is an important initiative. The Army will work to keep the Committee informed as the relocation progresses.

MEDICAL FACILITIES

Question. The Defense Medical Facilities Office is responsible for centralized planning and budgeting for medical facilities. However, in our conference report last year we indicated our concern that the individual military services should conduct rigorous reviews of these projects. We directed that the Secretary of the Army certify, at the time of the budget submission, the cost and scope of projects exceeding \$50 million. We have not received any certifications.

Secretary Walker, who in the Army reviewed the fiscal year 1997 request of \$89 million for phase four of the Fort Bragg hospital?

Answer. The Deputy Assistant Secretary of the Army (Installations and Housing) certified the cost and scope of this project and forwarded the certification to the Office of the Assistant Secretary of Defense (Health Affairs) for their incorporation in the Fiscal Year 1997 Defense Agencies Military Construction Justification Book. Headquarters, U.S. Army Corps of Engineers, Medical Facilities Office has certified that \$89 million is required in fiscal year 1997. The Office of The Surgeon General, U.S. Army Health Facility Planning Agency concurs with the request of \$89 million in fiscal year 1997, and also concurs with the scope. The on-site project officer has informed the U.S. Army Health Facility Planning Agency that appropriation of these funds in fiscal year 1997 is vital to procurement of medical equipment (to be installed during construction), and cannot be delayed.

Question. We have the same problem with the Walter Reed's WRAIR project which is funded at \$92 million. I do not want to disappoint Senator Inouye. However, it is going to be very difficult to fund these projects without the certification. What can you do to help us in this matter?

Answer. The Deputy Assistant Secretary of the Army (Installations and Housing) certified the cost and scope of this project and forwarded the certification to the Office of the Assistant Secretary of Defense (Health Affairs) for their incorporation in the Fiscal Year 1997 Defense Agencies Military Construction Justification Book. The DOD request for \$92 million is the result of the requirement of OMB to seek full funding for all projects. Regarding this request, Headquarters, U.S. Army Corps of Engineers, Medical Facilities Office has certified that all funds will be placed in fiscal year 1997, with the exception of \$20 million, which would be required in fiscal year 1998. DOD determined that since this carry-over is small (relative to the total \$147.3 million project cost), the most expedient and correct action was to request the full remaining amount for this project in fiscal year 1997.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

GUARD AND RESERVE CONSTRUCTION

Question. Secretary Walker, as I have addressed in my opening statement, and an item for which I have deep concern, and that is the MILCON requests for Guard and Reserve Construction. We have repeatedly admonished the Pentagon for failing to include appropriate funding for these worthy projects. I realize that the obligation of compiling this data falls on the Services, and, as part of each of the military services, Guard and Reserve projects become last priority. When will this practice end, that continually calls on the Congress to determine the worthiness, and ensure the inclusion of Guard and Reserve projects?

Answer. The Reserve Component is operating in an environment of funding constraints as we strive to maintain near term readiness while the downsizing and reshaping of America's Army proceeds. We recognize that the fiscal year 1997 budget request for military construction places facilities and infrastructure at some risk, and we are pursuing facilities strategies that maximize efficiencies in the use of military construction and operation and maintenance resources. However, we have given priority to funding those requirements that are most critical to near term readiness. The program, though constrained, attempts to balance available resources to maintain near term readiness and address the highest priorities for facilities construction.

GUARD AND RESERVE MILCON

Question. Last year, the Committee directed that DOD develop a long-term plan and program for the replacement and rehabilitation of National Guard armories, and further directed that you ask for funds in the fiscal year 1997 budget to initiate the program. Have you requested such funds, and if so, what can we do to expedite this?

Answer. Severely constrained resources have limited the Army National Guard fiscal year 1997 request to only two critical projects. The Bismarck, North Dakota, project includes Army Aviation Support Facility expansion and Armory replacement. The current Armory is inadequate and only provides about 20 percent of required space to adequately support the assigned unit requirements. Your continued support is appreciated.

NEVADA, HAWTHORNE ARMY AMMUNITION DEPOT

Question. Secretary Walker, last year you were instrumental in taking early action to address a serious deficiency in the aging wooden trestles associated with the single rail line at Hawthorne. Can you bring us up to date on the status of that

project, and do you have any recommendations for further committee action in respect to that critical rail line?

Answer. This project was awarded in September 1995. A bid protest was resolved in February 1996. The contractor is currently on site and materials are on order. No other committee action is necessary for this project.

HAWTHORNE ARMY AMMUNITION DEPOT AS TIER II DEPOT

Question. In the past, I have made inquiries as to why the decision was made to designate Hawthorne Army Ammunition Depot as a Tier II Depot, rather than a Tier I. Did the Tiering Concept Study, undertaken by the Industrial Operations Command, include \$30 million in recent enhancements through Strategic Mobility Funding, and also, does Tooele Depot's power projection actually outweigh the fact that it is 500 miles further from the west coast?

Answer. The \$30 million Army Strategic Mobility Plan (ASMP) project at Hawthorne was not considered in the tiering decision. Subsequent to the tiering decision, current and projected ASMP projects at all depots were reviewed to determine how they fit with bringing the installations up to a capability consistent with their tier level designation. The ASMP projects were revised where appropriate. In the case of Hawthorne, the recent project enhancements were required to assure that the depot can meet its wartime mission as a Tier II installation. The Tiering Study, conducted by the Industrial Operations Command, analyzed all aspects of power projection and location. As a result of their analysis, Tooele Army Depot was judged better in overall capability than that of the other western region installations. Mileage to the west coast seaport was considered in the analysis but was only one aspect impacting mission capability. Ammunition shipments would be made to the west and east coast seaports, aerial ports and to all Services' training sites. In addition, commercial carrier support to the depots and the ability to project and sustain high volume of movement was a critical part of the power projection analysis. Based on all the information submitted by each installation, the power projection capability of Hawthorne was judged less than that of Tooele by the Commander of the Industrial Operations Command.

NATO INFRASTRUCTURE

Question. Of all the account requests, I have noticed that each reflect an overall reduction from last year's appropriation, with the exception of one: the NATO Infrastructure account. This account reflects a 29 percent increase over last year's conference appropriated amount. Is it fair to give such assistance to our allies at a cost to our own military? Can you explain the reason for this comparatively obvious increase?

Answer. During the period from 1990 through 1995, the Department decreased its footprint in Europe by two thirds. At the same time we were rethinking our requirements for the European theater, NATO was also reviewing its charter. Therefore, minimal funds were provided to sustain our troops in Europe, either through military construction, operation and maintenance, or NATO funding support. The U.S. drawdown is complete and NATO refocused. Requirements to support our troops in Europe are now defined and require our support. The President's budget request for the NATO Security Investment Program for fiscal year 1996 was \$179 million. The request for fiscal year 1997 is for an appropriation of \$197 million. This represents a modest 10 percent adjustment to the 1996 request. Capability Packages have been developed to address requirements to provide for multiple capabilities within a constrained economic environment. Recently, the NATO Senior Resource Board endorsed the Capability Package for Aviano Air Base, Italy, which included NATO funding for about \$210 million of construction to support the recent transfer and beddown there of two U.S. F-16 squadrons (including over \$120 million for support facilities not normally eligible for Security Investment funding). Additionally, NATO funding is being requested to cover operation and maintenance expenditures at U.S. European-based prepositioned material sites.

The U.S. benefits through this alliance by only contributing approximately 25 percent to an infrastructure that provides great assistance to our troops during many of the U.S. initiated deployments, most for humanitarian and peacekeeping initiatives. For example: PROVIDE TRANSITION, JOINT ENDEAVOR, PROVIDE COMFORT, DETERMINED FORCE, SUPPORT HOPE, DESERT STORM, PROVIDE HOPE, RESTORE HOPE, SHARP EDGE, PROVEN FORCE, SHARP GUARD, PROVIDE PROMISE, DENY FLIGHT and ABLE SENTRY. Many of these multi-year operations have been operated directly from NATO facilities and have significantly degraded the operational facilities that now require substantial repair and/or replacement. Additionally, peacekeeping operations in Somalia and Iraq were ex-

ecuted and sustained through the direct use of NATO infrastructure. I have attached representative listing of projects that directly support U.S. requirements, continental U.S. construction, and provide business for U.S. contractors.

Project title/location	Approximate value
Projects under construction in fiscal year 1995 and 1996:	
Emergency Repairs to Sigonella Runway (Operation Desert Storm), Italy	\$7,600,000
Maint. and Support Facility for Ship-Borne Helos, Sigonella, Italy	548,100
Replace Conventional Ammunition Depot, Sigonella, Italy	296,200
Restore Sigonella Airfield Lighting System, Italy	515,900
Airfield Drainage, Ramstein, Germany	23,000,000
Taxiway and Lighting, Ramstein, Germany	40,000,000
MMS Power Requirements, Ramstein, Germany	2,900,000
Patriot Support Facility, Miesau, Germany	2,300,000
Emergency Repairs to Souda Bay Runway and Taxiway (Operation Desert Storm), Greece	414,000
Complete Harbor Facilities, Souda Bay, Greece	278,600
Restore Runway and Taxiway, RAF Lakenheath, England	21,000,000
Restore Runway, Incirlik, Turkey	31,700,000
Restore Taxiway, Incirlik, Turkey	26,100,000
Modify Jet Fuel Storage, Incirlik, Turkey	4,100,000
Modify Munitions Storage:	
Akinci, Turkey	6,200,000
Araxos, Turkey	8,400,000
Balikesir, Turkey	9,000,000
Ghedi, Italy	11,200,000
Aviano, Italy	14,000,000
Planned in 1996:	
Modify Munitions Storage, Incirlik, Turkey	25,000,000
Restore Hardstand Throats, Mildenhall, England	10,900,000
Hangar Restoration, Keflavik, Iceland	21,600,000
Restore Shelter Door Drives, Aviano, Italy	1,000,000
Widebody Aircraft Ramp, Ramstein, Germany	52,000,000
Restore Sewage Treatment Plant, Spangdahlem, Germany	1,600,000
Engine Test Apron, Spangdahlem, Germany (conjunctive with U.S. MilCon)	432,000
Missile Main Bay Addition, Spangdahlem, Germany (conjunctive with U.S. MilCon)	730,000
Engine Test Apron, Spangdahlem, Germany (conjunctive with U.S. MilCon)	414,000
Fuel Storage, Oerland, Norway	4,600,000
Restore Fuel Storage, Preveza, Greece	3,000,000
Pipeline Replacement, Elazig to Diyarbakir, Turkey	18,500,000

NEW OR ONGOING PROJECTS IN UNITED STATES

Project	NATO cost	Location/State
SACLANT Command and Control Information System	\$11,500,000	Norfolk, VA.
Joint Project Coordination Office	7,100,000	Norfolk, VA.
Alpha Command and Control Information System	9,100,000	Norfolk, VA.
Aircraft Ground Equipment Facility	3,400,000	Brunswick, ME.
Jet Fuel Storage Installation	4,500,000	Brunswick, VA.
Upgrade Approach Lighting	100,000	Brunswick, ME.
Upgrade Electrical Distribution	100,000	Brunswick, ME.
Replace Trestle	26,200,000	Earle, NJ.
Advance Weapons Facility	10,300,000	New London, CT.
Modify Magazine Doors	100,000	Jacksonville, FL.
Wash-down Apron	100,000	Jacksonville, FL.
WIIW Antenna	500,000	Key West, FL.
Total	73,000,000	

U.S. PROJECTS ANTICIPATED IN THE FUTURE

Project	Total cost	Location/State
Pier 4 Extension	\$78,000,000	Earle, NJ.
Rail Road Staging Area	3,100,000	Camp Lejune, NC.
Air Cargo Handling Equipment	600,000	Cherry Point, NC.
Mine Handling Equipment	700,000	Morehead City, NC.
Upgrade of Embarkation Facility	600,000	Morehead City, NC.
Equipment Handling Facility	8,000,000	Gulfport, MS.
Mine Warfare Training Center	7,800,000	Ingleside, TX.
Replace Pier 2	46,000,000	Norfolk, VA.
Upgrade Piers 5, 20, and 22	19,000,000	Norfolk, VA.
Provide Two Magazines	6,000,000	Yorktown, VA.
Total	169,800,000	

U.S. FIRMS CURRENTLY EXECUTING NATO CONTRACTS

[Dollars in millions]

Firm/State	Type of contract	Amount
Bechtel Corp., California	Modify Munitions Storage	\$30
Litton Corp., California	TARE Program (NATO Communications Link)	4
Magnavox, Virginia	Computer Modems	2.5
Motorola, Virginia	UHF Terminals for Gulf Operations	2
ALCATEL	Communications Equipment	2
AYDIN, Pennsylvania, California	Upgrade Radar Program	4
EDO, Virginia	Radar Integration Program	2
E Systems Corp., Florida	Ship-Shore-Ship Buffer System	8
Hughes Corp., California	Radar Medium Power Amplifiers	5
Satellite Sys, New York	Battlefield Information Management Study	2
Delta Data Sys	Satellite Ground Terminals	9-10
Loral Corp., California	Encrypted Communications Terminals	3.2
Oracle, Maryland	Communications	1
Hughes, California	Communications	1
McDonald-Douglas, Missouri	Southern Region Radar Upgrade	125
	Iceland Air Defense System	85
	Launch of NATO Communications Satellite (completed).	40

POTENTIAL U.S. BIDDERS ON FUTURE PROJECTS

NATO Air Command and Control System: TRW (VA), Lockheed (CA), Hughes (CA), Westinghouse.

Communications in Turkey: AT&T.

SOUTHERN COMMAND HEADQUARTERS

Question. The fiscal year 1996 Conference Report detailed our interest in the relocation of the U.S. Southern Command from Panama to Dade County, Florida. What progress has been made on the move of this Command, and when do you expect its costs to be presented to this Committee?

Answer. On March 15, the selection of SMPO Properties, Inc., of Memphis, Tennessee, as the successful offeror for providing the new United States Southern Command (SOUTHCOM) Headquarters in Miami, Florida, was announced by the Commander of the South Atlantic Division, U.S. Army Corps of Engineers. The contract provides for construction of a new 154,848 square foot building at the end of the cul-de-sac at N.W. 91st Avenue in the West Pointe Business Park. Once constructed, the facility will be leased to the Government for a base rent price of \$1,734,960 per year, plus services and utilities, said those officials. The lease is for a 10-year term. Construction of the facility will begin in April of this year, with completion scheduled for March 1997. SOUTHCOM personnel will begin the move in April 1997,

with a completion date scheduled for September 1997. The projected one-time cost for procurement of command, control, communication, computer and information (C⁴I) equipment is currently estimated to be \$40 million in Other Procurement, Army funds (OPA). The initial start-up costs for these systems will be approximately \$14.5 million in Operations and Maintenance (OMA) funds. Other projected miscellaneous one-time costs are \$2.7 million in Military Personnel, Army (MPA) funds for personnel moves, \$0.5 million (OMA) for leased building modifications, \$3.8 million (OMA) for furnishings, \$2.5 million (OMA) for relocation costs, \$0.4 million (OMA) for engineering and studies contract, \$0.5 million for the Miami relocation office, relocation coordination, and start-up supplies, and \$0.1 million for the office interior design and floor plan development.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

BASE REALIGNMENT AND CLOSURE—FORT WAINWRIGHT

Question. Associated with this realignment and corresponding transfer of functions to Fort Wainwright, what MILCON requirements do you anticipate as you implement the BRAC Commission decision?

Answer. Two BRAC MILCON projects are associated with this realignment. A new missile test facility will be constructed at Fort Wainwright and a general purpose ammunition magazine will be built at Bolio Lake (Fort Greely training area) to accommodate the Cold Regions Test Activity's ammunition storage and testing requirements previously accomplished at Fort Greely.

REPLACEMENT FOR BASSETT ARMY COMMUNITY HOSPITAL

Question. Mr. Secretary, The Defense Medical Facilities Office has plans to build a 50-bed hospital at Fort Wainwright, Alaska. I know you have toured the existing facility and know of the need to replace it. Does the Army support this effort to build a new hospital at Fort Wainwright?

Answer. The Army is in full support of this replacement hospital. It is estimated that up to \$30 million is required to bring the hospital up to life safety code and accreditation standards. An additional \$14 million is required to eliminate the current backlog of normal maintenance and repair projects, to include replacement of the domestic water, sewage and steam lines which may fail at any time. Even if this required \$44 million were spent to make the necessary repairs to keep the hospital accredited and operational, it does not begin to address the medically-inefficient and functionally obsolete conditions of the existing facility. Most notably, the space required for outpatient services is greatly undersized to serve the beneficiary population. Although the inpatient capacity is oversized for today's standards of care, physical limitations prevent its conversion to cost-effective and functionally efficient outpatient services. Interim repairs to keep the facility operational can be made, but replacement is needed as soon as possible to minimize further investment of repair funds into a facility which can never meet appropriate health care delivery standards. This project is currently in the Army's fiscal year 2000 program, and design will begin this fiscal year, with completion expected by the end of Calendar Year 1998. Due to funding constraints, all construction funding is presently identified in fiscal year 2000, in order to comply with OMB's policy to fully fund large military construction projects in one year. The Army has requested the Assistant Secretary of Defense (Health Affairs) to seek an exception to this OMB policy and phase fund construction over three years, which would allow construction to begin as early as March 1999. Phase funding will expedite the replacement of the existing hospital, thereby minimizing the continued use of limited maintenance funds to sustain an old facility.

BARRACKS RENOVATION INITIATIVE

Question. I have visited some of the Army barracks in my State, and I am concerned about the quality of life for our single servicemen and women. What is the Army doing to improve and build new barracks across the Army?

Answer. From fiscal year 1994 to fiscal year 1997, the Army has invested an average of over \$260 million per year in upgrading and replacing barracks worldwide. In fiscal year 1998 and beyond, the Army's goal is to invest \$280 million per year in today's dollars until all barracks have been upgraded.

Question. When do you anticipate that the new defense barracks standard, 1+1, will be implemented at Forts Richardson and Wainwright in Alaska?

Answer. A significant portion of barracks in Alaska are in relatively better shape than those throughout the rest of the Army. Therefore, we anticipate improving Fort

Richardson's barracks with gang latrines first, in the 2002-2004 time frame. All other barracks are already at 2+2 and we expect to bring them up to the 1+1 standard during 2007-2009.

QUESTIONS SUBMITTED TO MAJ. GEN. WILLIAM A. NAVAS

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. Has the National Guard formulated a plan to address the need for armories?

Answer. Yes, the Guard has submitted a plan to the Deputy Secretary of Defense for Reserve Affairs, Materiel and Facilities.

Question. When will we get this plan?

Answer. The Assistant Secretary of Defense for Reserve Affairs has sent a letter, 10 April 1996, to inform the committee as to the status of the armory plan.

Question. Will it include a prioritized list of armories?

Answer. Yes. The list is by State priority.

Question. Would you explain to this committee why we need more armories?

Answer. For the Guard, it is not a matter of needing more armories, but replacing or rehabilitation of existing aging and inadequate armories. The goal for replacement/rehabilitation of Guard facilities is 1.75 percent per year or about every 57 years.

ARMORIES

Question. With the future evolution of Army National Guard force structure, what is your vision of the National Guard armory of the future?

How can this committee assist with your vision?

Answer. The Army National Guard concept of armories has changed in the last 20 years. Today's armories have many more classrooms and Learning Centers than older armories because the nature of training has changed. The modern armory plays an integral part in the local community and provides a multi-use facility for Guardsmen, Guard family members, even after troops deploy, and other citizens, alike. Armories must be information centers providing distant learning and other training opportunities for the future.

Question. General Navas, we have already had numerous requests for the funding of armories in this year's budget. In the next few weeks, will you and General Baca provide a list of armory priorities to this committee?

Answer. The Army National Guard list of armories follows.

ARNG ARMORY LRCP BY STATE PRIORITY

State/location	Project	CWE
Alaska:		
Fairbanks	Mobilization center addition	\$2,657,000
Bethel	Mobilization center	6,386,000
Nome	Mobilization center addition	6,695,000
Western Alaska	Armory	3,200,000
Juneau	Mobilization center	2,500,000
Alabama:		
Clanton	Armory	850,000
Huntsville	Armory	1,500,000
Fort McClellan	Armory	1,000,000
Wetumpka	Armory add/alt	1,500,000
Scottsboro	Armory	938,000
Heflin	Armory	660,000
Eutaw	Armory	731,000
Cordova	Armory	819,000
Butler	Armory	731,000
Reform	Armory	731,000
Phenix City	Armory	1,302,000
Dadeville	Armory	731,000
Muscle Shoals	Armory	1,452,000
Fairhope	Armory	731,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Camden	Armory	1,023,000
Ozark	Armory	1,023,000
Opp	Armory	731,000
Guin	Armory	731,000
Sulligent	Armory	938,000
Arkansas:		
Benton	Armory	1,988,000
Warren	Armory	2,296,000
Hazen	Armory	3,243,000
W. Memphis	Armory	2,415,000
N. Little Rock	Armory	2,720,000
Mountain Home	Armory	658,000
Morrilton	Armory	658,000
Brinkley	Armory	658,000
Beebe	Armory	658,000
Bentonville	Armory	658,000
Fordyce	Armory	658,000
McGehee	Armory	658,000
Marked Tree	Armory	939,000
Piggott	Armory	658,000
Springdale	Armory	658,000
Walnut Ridge	Armory	658,000
Paragould	Armory	716,000
Wynne	Armory	658,000
Jonesboro	Armory	1,208,000
Rector	Armory	658,000
Van Buren	Armory	658,000
Berryville	Armory	658,000
Ozark	Armory	658,000
Arizona:		
Yuma	Armory	1,155,000
Fort Huachuca (Sierra Vista)	Armory	1,650,000
Tempe	Armory	3,191,000
Casa Grande	Armory	628,000
Springerville	Armory	1,155,000
Apache Junction (Ritten)	Armory	900,000
Phoenix	Armory	2,500,000
Payson	Armory	1,145,000
Navajo (Bellmont)	Readiness ctr/armory/firestation	2,000,000
California:		
Los Angeles	Armory	7,996,000
Camp Parks	Armory	10,494,000
March AFB	Armory	8,000,000
Los Alamitos	Armory	11,419,000
San Diego	Armory add/alt	5,208,000
Tustin USMC	Armory	8,000,000
Folsom	Armory	6,637,000
San Jose	Armory	2,919,000
Woodland	Armory	2,500,000
Sacramento	Armory	6,825,000
Bakersfield	Armory	3,000,000
Azusa/Pomonia	Armory	3,000,000
San Lorenzo	Armory	3,000,000
Walnut Creek/Concord	Armory	3,000,000
Colorado:		
Fort Carson	Armory	3,615,000
Greeley	Armory	2,068,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Longmont	Armory	2,923,000
Trinidad	Armory	1,368,000
Las Animas	Armory rehab	432,000
Fort Morgan	Armory	1,221,000
Gypsum, Eagle City	Armory	1,230,000
Cortez	Armory rehab	473,000
Canon City	Armory	1,995,000
La Junta	Armory	1,210,000
Sterling	Armory rehab	404,000
Lamar	Armory rehab	403,000
Pueblo	Armory rehab	437,000
Castle Rock	Armory	1,700,000
Colorado Springs, El Paso	Armory	1,700,000
Connecticut:		
Stone's Ranch	Armory	2,250,000
Windsor Locks (Cphartell)	Armory	3,000,000
Camp Hartell	Armory	8,500,000
District of Columbia: Anacostia (NAS)	Armory	5,212,000
Delaware:		
Dagsboro	Armory	2,022,000
Smyrna	Armory	3,100,000
Pencader	Armory	3,300,000
Middletown	Armory	3,100,000
Milford	Armory	3,100,000
Florida:		
Pensacola (Ellyson)	Armory	1,786,000
Brandon	Armory	2,200,000
Titusville	Armory	2,653,000
Miramar	Armory	4,656,000
Melbourne	Armory	1,773,000
Orlando	Armory	1,776,000
Georgia:		
Elberton	Armory add/alt	1,400,000
Albany	Armory	6,111,300
Savannah (Hunter)	Armory	1,813,000
Douglas	Armory	1,818,000
Macon	Armory	3,439,000
Statesboro	Armory	2,244,000
Perry	Armory	3,744,000
Douglasville	Armory	1,575,000
Augusta	Armory	2,600,000
Hawaii:		
Honolulu	Armory	31,973,000
Honolulu (Barbers Point)	Armory	7,262,000
Waimea	Armory add/alt	2,315,000
Olaa	Armory	1,044,000
Kapaau	Armory	769,000
Pahala	Armory	769,000
Iowa:		
Davenport	Armory	3,191,000
Esterville	Armory	1,129,000
Burlington	Armory	1,552,000
Waterloo	Armory add/alt	1,311,000
Atlantic	Armory	1,240,000
Iowa City	Armory	2,625,000
Muscatine	Armory	1,228,000
Clarinda	Armory	1,316,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Newton	Armory	1,355,000
Idaho:		
Gowen Field	Mobilization readiness center	7,000,000
Emmett	Armory	1,103,000
St Anthony	Armory	825,000
Illinois:		
Danville	Armory	1,894,000
Aurora	Armory	2,028,000
Galesburg	Armory	2,968,000
Peoria	Armory	1,450,000
Elgin	Armory	2,140,000
Mt. Vernon	Armory	2,030,000
Lawrenceville	Armory	2,030,000
Carbondale	Armory	2,030,000
Effingham	Armory	2,030,000
Pontiac	Armory	2,000,000
Salem	Armory	2,030,000
Streator	Armory	2,000,000
Cairo	Armory	2,000,000
Dixon	Armory	2,020,000
Champaign	Armory	2,000,000
Waukegan	Armory	2,020,000
Chicago	Armory	2,800,000
Homewood	Armory	3,000,000
Indiana:		
Marion, Grant County	Armory	3,294,000
Kokomo	Armory	3,750,000
Bedford	Armory	3,750,000
Kansas:		
Topeka	Armory	6,240,000
Ottawa	Armory add/alt	850,000
Desota	Armory	2,500,000
Lawrence	Armory	2,844,000
Pittsburgh	Armory	2,187,000
Liberal	Armory	1,865,000
Manhattan	Armory	3,594,000
Wichita	Armory	4,635,000
Kentucky:		
Fort Knox	Armory	3,271,000
Maysville	Armory	1,968,000
Frankfort	Armory	1,800,000
Frankfort	Armory	2,500,000
Danville	Armory	1,910,000
Louisiana:		
Baton Rouge	Armory	5,225,000
Napoleonville	Armory	1,380,000
Jackson Bks (N. Orleans)	Armory	4,502,000
Various locations	Armory rehab	500,000
Pineville (CP Beauregd)	Armory	4,164,000
Lake Front (N. Orleans)	Armory	1,100,000
Massachusetts: Camp Curtis Guild	Armory	2,000,000
Maryland: Havre de Grace	Armory	2,413,000
Michigan:		
Augusta (Fort Custer)	Armory	5,014,000
Berrien County	Armory	937,000
Kalamazoo	Armory	2,100,000
Jackson	Armory	3,000,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
South Haven	Armory	900,000
Minnesota:		
Mankato	Armory	1,900,000
Monticello	Armory	1,400,000
Stillwater	Armory	2,800,000
Alexandria	Armory	1,400,000
Long Prairie	Armory	1,400,000
Northfield	Armory	1,057,000
New Ulm	Armory	1,260,000
Sauk Centre	Armory	1,300,000
Olivia	Armory	1,040,000
Missouri:		
Macon	Armory	1,718,000
Wentzville	Armory	1,163,000
Sedalia	Armory	1,639,000
Savannah	Armory	1,163,000
Eldon	Armory	1,163,000
Osage Beach	Armory	1,163,000
Mountain Grove	Armory	1,163,000
Carrollton	Armory	1,163,000
Albany	Armory	1,163,000
Caruthersville	Armory	1,163,000
Pierce City	Armory	1,163,000
Doniphan	Armory	1,163,000
Chillicothe	Armory	1,163,000
Bernie	Armory	1,163,000
Maryville	Armory	1,639,000
Sikeston	Armory	1,163,000
Camp Clark	Armory	1,689,000
Fort Crowder	Armory	1,689,000
Dexter	Armory	1,639,000
Kirksville	Armory	1,163,000
West Plains	Armory	1,163,000
Charleston	Armory	1,163,000
Poplar Bluff	Armory	1,689,078
Houston	Armory	1,163,000
Mississippi:		
Senatobia	Armory	4,249,000
Vicksburg	Armory	4,141,000
Brookhaven	Armory	1,650,000
Union	Armory	1,650,000
Kosciusko	Armory	1,650,000
Columbia	Armory	2,250,000
Meadville	Armory	1,650,000
Wiggins	Armory	1,650,000
Grenada	Armory	3,800,000
Lumberton	Armory	1,650,000
Richton	Armory	1,650,000
Ripley	Armory	1,650,000
New Albany	Armory	1,650,000
Oxford	Armory	2,250,000
Hattiesburg	Armory	2,850,000
Houston	Armory	16,550,000
Gulfport	Armory	2,250,000
Water Valley	Armory	1,650,000
Charleston	Armory	1,650,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Montana:		
Great Falls	Armory	3,300,000
Triangle	Armory	1,500,000
Kalispell	Armory	714,000
Missoula	Armory add/alt	1,416,000
Butte	Armory	970,000
Havre	Armory	1,306,000
Bozeman	Armory	2,616,000
North Carolina:		
Charlotte	Armory	5,994,000
Hickory	Armory	1,575,000
Wilson	Armory	1,279,000
Lenoir	Armory	1,993,000
Henderson	Armory	1,569,000
Zebulon	Armory	1,358,000
Lexington	Armory	1,566,000
Thomasville	Armory	1,701,000
Elizabethhtown	Armory	1,902,000
Shelby	Armory	1,266,000
Newland	Armory	1,301,000
North Dakota: Wapheton	Armory	4,680,000
Nebraska: Omaha	Armory	1,748,000
New Jersey:		
Jersey City	Armory	3,405,000
Newark	Armory	4,521,000
Camden County	Armory	4,707,000
Passaic County	Armory	2,757,000
Somerset County	Armory	1,351,000
New Mexico:		
Artesia	Armory add/alt	1,457,000
Truth or Consequences	Armory	1,500,000
Albuquerque	Armory	2,400,000
Socorro	Armory	1,686,000
Nevada:		
Carson City	Armory	2,888,000
Gardnerville (Douglas Cnt)	Armory	2,100,000
New York:		
Fort Drum (Watertown)	Armory	4,617,000
Dutchess County	Armory	3,065,000
Schenectady	Armory	4,885,000
Tonawonda	Armory	2,794,000
Niagara Falls	Armory	1,591,000
Gloversville	Armory	2,604,000
Geneva	Armory	3,032,000
Malone	Armory	2,604,000
Oneonta	Armory	1,938,000
Saratoga Springs	Armory	2,022,000
Hornell	Armory	2,176,000
Hoosick Falls	Armory	1,854,000
Bethel-Sullivan Cty	Armory	1,964,000
Herkimer County	Armory	2,207,000
Wyoming County	Armory	2,461,000
Rochester (Culver Rd)	Armory	1,854,000
Albany	Armory	5,648,000
Orangeburg	Armory	2,265,000
Delaware County	Armory	488,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Ohio:		
Cleveland	Armory	800,000
Mansfield	Armory	1,163,000
Chillicothe	Armory	1,163,000
Camp Perry; Port Clinton	Armory	2,812,000
Marion	Armory	1,163,000
Coshocton	Armory	1,163,000
Delaware	Armory	1,163,000
Steubenville	Armory	1,163,000
Oxford	Armory	1,125,000
St. Marys	Armory	1,125,000
Bowling Green	Armory	1,163,000
Hillsboro	Armory	1,130,000
Oklahoma:		
Eufaula	Armory	1,404,000
Tishomingo	Armory	1,400,000
Pryor	Armory	1,459,000
Oregon:		
Eugene AFRC	Armory	11,796,755
Ontario	Armory	3,000,000
The Dalles	Armory	3,000,000
Baker City	Armory	2,600,000
Lebanon	Armory	2,800,000
Gresham	Armory	2,800,000
Hillsboro	Armory	2,900,000
Milton-Freewater	Armory	1,500,000
Hood River	Armory	2,600,000
Redmond	Armory	2,900,000
Burns	Armory	1,600,000
St. Helens	Armory	1,600,000
Monmouth	Armory	3,000,000
Pennsylvania:		
Latrobe (Blairsville)	Armory	2,479,000
New Milford	Armory	1,740,000
Corry	Armory	812,000
Bethlehem	Armory	1,740,000
Ridgeway	Armory	1,500,000
Finleyville	Armory	2,550,000
West View	Armory	1,101,000
Meadville	Armory	928,000
Bradford	Armory	812,000
Media	Armory	1,740,000
Waynesburg	Armory	1,740,000
Pine Grove	Armory	2,053,000
Oil City	Armory	928,000
East Stroudsburg	Armory	1,299,000
Westchester	Armory	1,740,000
Puerto Rico:		
Fort Buchanan	Armory	6,211,000
Camp Santiago	Armory	3,000,000
Fort Buchanan	Armory	3,000,000
Rhode Island:		
Providence	Armory	2,484,000
North Smithfield	Armory	2,558,000
N. Kingstown	Armory	2,100,000
Narragansett	Armory	3,900,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
South Carolina:		
Eastover	Armory add/alt	1,700,000
Anderson	Armory	4,974,000
N. Charleston	Armory	2,733,000
Lexington	Armory	2,000,000
Greenville	Armory add/alt	3,575,000
Summerville	Armory	2,000,000
Saluda	Armory	3,200,000
Chesterfield	Armory	585,000
Belton	Armory	3,800,000
Kingstree	Armory add/alt	1,100,000
Woodruff	Armory	2,700,000
Seneca	Armory	1,400,000
South Dakota:		
Custer	Armory	2,351,000
Huron	Armory	3,380,000
Rapid City	Armory	2,100,000
Watertown	Armory	2,100,000
Redfield	Armory	1,200,000
Tennessee:		
Ashland City	Armory	1,251,000
Alcoa	Armory	2,919,000
Benton	Armory	1,614,000
Tazewell	Armory	1,863,000
Smyrna	Armory add/alt	3,500,000
McMinnville	Armory	1,373,000
Somerville	Armory add/alt	800,000
Morristown	Armory	2,016,000
Smyrna (maint)	Armory	1,800,000
Crossville	Armory	1,400,000
Maryville	Armory	1,457,000
Tullahoma	Armory	3,440,000
Jackson	Armory	1,270,000
Bristol	Armory	1,383,000
Memphis	Armory	935,000
Clarksville	Armory	1,790,000
Oakridge	Armory	1,300,000
Dickson	Armory	1,680,000
Athens	Armory	1,024,000
Lynchburg	Armory	1,350,000
Manchester	Armory	1,900,000
Texas:		
Bergstrom AFB (Austin)	Armory	5,919,000
Jasper	Armory	1,982,000
El Campo	Armory add/alt	1,399,000
Dallas, Dallas CD03	Armory add/alt	3,899,000
Miner Wells	Armory	2,284,000
Fredericksburg	Armory add/alt	872,000
Wichita Falls, CD03	Armory add/alt	915,000
Taylor	Armory add/alt	1,118,000
Dallas, CO05	Armory add/alt	978,000
Utah:		
American Fork	Armory	1,687,000
Smithfield	Armory	1,650,000
Davis	Armory	2,475,000
Riverton	Armory	3,300,000
Vernal	Armory	1,485,000

ARNG ARMORY LRCP BY STATE PRIORITY—Continued

State/location	Project	CWE
Nephi	Armory	2,062,000
Virginia:		
Danville (Squire)	Armory add/alt	1,789,000
Fort Belvoir	Armory	6,450,000
Winchester	Armory	3,260,000
Roanoke	Armory	5,382,000
Chase City	Armory	1,764,000
Bristol	Armory	1,884,000
Virgin Islands: St John (Cruz Bay)	Armory	1,500,000
Vermont:		
Fair Haven	Armory add/alt	600,000
Jericho	Armory	800,000
Washington:		
Yakima	Armory	5,539,000
Spokane	Armory	7,834,000
Walla Walla	Armory	2,606,000
Vancouver	Armory	5,378,000
Poulsbo	Armory	1,902,000
Pullman	Armory	2,946,000
Richland	Armory	2,606,000
Tacoma	Armory	6,329,000
South Snohomish County	Armory	3,041,000
Seattle	Armory	2,840,000
Puyallup	Armory	3,013,000
Fife	Armory	3,265,000
Wisconsin: West Bend	Armory	1,708,000
West Virginia:		
Kingwood	Armory	2,545,000
Ronceverte	Armory	1,404,000
Parkersburg (airport)	Armory	1,920,000
Buckhannon	Armory	1,595,000
Moundsville	Armory	1,732,000
Wyoming:		
Laramie	Armory add/alt	1,125,000
Jackson	Armory	1,500,000
Kemmerer	Armory	1,500,000
Buffalo	Armory	1,500,000
Sundance	Armory	1,500,000
Total		968,066,133

DEPARTMENT OF THE NAVY

STATEMENT OF ROBERT B. PIRIE, JR., ASSISTANT SECRETARY OF THE NAVY, INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

REAR ADM. DAVID NASH, CEC, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, U.S. NAVY

MAJ. GEN. THOMAS BRAATEN, ASSISTANT DEPUTY CHIEF OF STAFF, INSTALLATIONS AND LOGISTICS (FACILITIES), U.S. MARINE CORPS

SUMMARY STATEMENT

Senator BURNS. Secretary Pirie, thank you for coming this morning, and we look forward to your testimony. If you want to condense it, that would be fine. Your full statement will be made part of the record.

Mr. PIRIE. Thank you, Mr. Chairman. I do have summary remarks, if that is agreeable to you.

Senator BURNS. It is.

Mr. PIRIE. With me today, I also have Adm. Dave Nash, and Gen. Tom Braaten of the Marine Corps here. And if you would like them to sit here and be available for responses, it is your call, sir.

Senator BURNS. That would be fine, however you want to do it.

Mr. PIRIE. Thank you, Mr. Chairman.

I would just like to hit a few of the main points from my testimony, if I may.

With respect to family housing, I think we are doing better, especially in places like Hawaii and Norfolk and Naples. And we are particularly grateful for the support of the Congress for the Naples support site project, which is going to be an enormous boom to the quality of life of our people there.

While we are doing better, we have to face the fact that we will never catch up with our needs using the old system of military construction and public works maintenance. We have to look to the new authorities that Congress has given us to engage capital from the private sector.

I am pleased to be able to say that the first such venture using the limited partnership authority from the fiscal year 1995 authorization act is nearly ready to be finalized. And we are planning to launch test programs using the new authorities in the fiscal year 1996 authorization act in the near future. We still face questions and difficulties, such as ensuring that allowances intended to provide our members access to decent, affordable housing really do that, and balancing the equities between members in Government housing and those in private sector housing.

As far as bachelor housing is concerned, I believe we are doing better here, too. And you will note that the preponderance of this year's request is for bachelor housing. We are, in fact, requesting

twice as much this year for BQ's as we did last year. The Department of Defense has adopted a new BQ standard, which we call one-plus-one, and which is described in my formal testimony. As in the case of family housing, however, I believe we have to look to the private sector for real solutions for the long run.

Milcon is a particularly difficult area for us. While we are giving priority to quality-of-life projects, I am concerned that we are not doing enough to replace and renew our mission support infrastructure, such as piers, hangars, runways, and the like. This reflects the top-level priorities of the Department of Defense: to protect readiness and quality of life. We are looking hard for efficiencies in support services for the infrastructure by regionalizing and privatizing them, among other ideas.

I am also attempting to develop a clear statement of the mission support infrastructure that is essential to fleet operations. But I would be less than candid if I told you that I am satisfied that we have a satisfactory answer to the need to recapitalize our infrastructure.

With respect to BRAC, we face an enormous task of implementation this year and next year. We plan to complete 30 closures and realignments in fiscal year 1996, and an additional 28 in 1997. Many of these will be major bases, like Charleston and Mare Island.

BASE REALIGNMENT AND CLOSURE

I know that many Americans question whether the heartache occasioned by the four rounds of BRAC was worth it, and whether the projected savings are really there. The answer is yes, they are there. By the year 2001, we will have spent about \$10 billion on BRAC implementation in the Navy and will, by then, have realized \$10 billion in savings. In other words, it will have paid for itself by the year 2001. Each and every year thereafter, we will save \$2.5 billion.

Our request for BRAC implementation funds have begun to decline in fiscal year 1997, and will continue to decline because we have passed the peak of the Milcon we required to implement BRAC.

Some of the affected communities have expressed concern that there will not be enough BRAC funding to make the property available for reuse as soon as they would like. It is true that we could execute even more BRAC-related projects if more funds were available. However, it is also true that we have not had to delay any reuse schedules because of shortage of money. And we do not anticipate any need for such delays in the future.

In the past, we have had congressional constraints on BRAC environmental funding, either in the form of floors—which is to say, you have to spend at least so much—or in the form of ceilings—which is to say you may spend no more than so much. These constraints are frequently unhelpful.

In order to keep faith with the employees and communities affected by BRAC, we need to be able to assist reuse authorities with flexible response to their needs, which means being able to move BRAC money where it is most needed when it is most needed. The good results we have had so far are directly attributable to having

had this kind of flexibility. And I earnestly solicit your support in this area.

As you can see, my responsibilities in the Navy Department cover a fairly broad area, and run deep enough to touch many lives. I have some hope of getting our business in order to support the long run. If we expect our military strategy to be successful, then we may confront a protracted period without a major war. There are challenging questions about how to maintain a ready and capable military force over the long haul in peacetime.

Many of the questions about this go to the support that we must provide. Specifically, if we are to accept the responsibility to see that all our people are acceptably housed, how can we do this within the predictable resource constraints? If we accept that the base structure we have must be supported over the long run and modernized at a modest rate, what stream of funding is needed to accomplish this?

PREPARED STATEMENT

These are the kinds of questions that I think should engage our attention as we pause to ponder the future of our armed services.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ROBERT B. PIRIE, JR.

Good day, Mr. Chairman and members of the Committee. I am Robert B. Pirie, Jr., Assistant Secretary of the Navy for Installations and Environment. I appreciate the opportunity to speak to you today on the Department of the Navy's installations and facilities programs.

My statement will cover a number of areas: The need for quality naval facilities; Why we need to continue to reduce our infrastructure; Implementation of Base Closure and Realignment; Quality-of-life; Military construction; and The need for further consolidations/efficiencies.

THE NEED FOR QUALITY NAVAL SHORE FACILITIES

Naval forces provide unique capabilities in defending our national security interests around the world. Able to provide forward presence, power projection, sea control and maritime supremacy, strategic deterrence, and strategic sealift, the Navy and Marine Corps continue to conduct operations around the world, 24 hours a day, every day of the year. Last year, the Department of the Navy had on average 100 ships and 23,000 Marines forward deployed conducting presence missions and operations with military forces from more than 69 nations. Carrier battle groups and amphibious ready groups with embarked Marine Expeditionary Units conduct joint task force exercises with Army, Air Force, and Coast Guard units to hone their readiness skills to function in a joint operational environment. Scores of other ships and their crews are in a "work-up" status preparing to relieve ships on station, while others are returning to homeport for maintenance and repair, and to spend some precious time ashore with family and friends.

Intelligent, highly motivated people are our most important asset in maintaining our military capability. We need to attract, properly train, outfit, and retain top caliber people from across the United States if we expect to maintain a fully capable, responsive military capability in support of our national goals.

Our shore facilities provide the daily "at work," "at home," and "at play" locations for our Sailors and Marines when they are not at sea. They are truly the home base for maintaining the readiness of our naval forces. Whether it is piers that provide berthing, electrical power, and support facilities for ships in homeport; or the hangars that shelter aircraft; or the shipyards that provide the industrial capability for ship repairs; to the housing that our Sailors and Marines call home—all are a critical ingredient in our ability to deploy Naval forces when called upon. The conditions under which our Sailors and Marines work, live, and play directly impact their personal dignity and encourage both personal and professional growth.

I know this Committee understands how high quality shore facilities bring out the best in our people.

Our shore facilities, designed to support a substantially larger force structure, have been reduced considerably through four rounds of base closure and realignment. However, even after implementing base closure and realignment decisions, the Department of the Navy will retain a broad array of facilities to support the Fleet and Fleet Marine Force: 3.7 million acres of land, on 200 major bases with 43,000 buildings, 96,000 family housing units, and an estimated plant replacement value of \$152 billion.

The Need to Invest in Shore Infrastructure

I do not believe we have invested sufficiently in our shore infrastructure for some time. Budget constraints, force structure reductions, excess shore infrastructure, and base closure uncertainties limited infrastructure investments. We have been able to invest only limited amounts of funds to support new and expanding mission requirements. We have invested heavily in the last few years to meet more rigorous environmental compliance mandates. This has left us little funding to recapitalize our shore facilities. Deferring recapitalization increases operation and maintenance costs, creates inefficient use of facilities, and decreases quality-of-life in the work place.

Our facilities are old—nearly half were constructed between 1931 and 1950. Our backlog of major repair projects has grown to about \$7 billion for all naval facilities, including housing. We are devoting less than 1.5 percent of plant value to real property maintenance. Often, our repair and maintenance choices are limited to short-term cash flow alternatives rather than long-term investment strategies.

Contrary to what many people perceive, the BRAC process has not given us substantially newer facilities. That is because we have closed bases that had both new and older facilities. Naval Station New York on Staten Island; Naval Station Mobile, Alabama; and Naval Training Center Orlando, Florida, were new facilities that we closed under the BRAC process. The average age of our facilities has only declined by one year, from 50 years prior to the first BRAC in 1988 to a projected 49 years following completion of BRAC in fiscal year 2001.

Facilities Investment Strategy

Providing high quality facilities to support readiness, particularly in a time of declining budgets, presents a formidable challenge. The Secretary of the Navy must carefully balance many competing demands, including the current readiness of our forces, the need to maintain a technological edge through modernization, and a myriad of other concerns including investment in our facilities.

Our shore infrastructure investment strategy consists of: "Holding the line" on Base Operations Support (BOS) and Maintenance of Real Property (MRP) funds; Implementing the decisions of the four Defense Base Closure and Realignment Commissions; Enhancing quality-of-life facilities; Investing in military construction; and Pursuing further shore infrastructure efficiencies.

Base Operations Support provides the day-to-day Operations and Maintenance funds to keep the gates open and the lights on at our bases. BOS funds pay for utilities, fire protection, security, trash collection, financial management, and a host of other landlord functions. The MRP account funds routine maintenance of buildings as well as repairs. Although beyond the jurisdiction of this Committee, BOS and MRP funds are a vital source of funds to continue daily operations at our bases.

BRAC IMPLEMENTATION

The base closure process is a challenging one for the Department of the Navy and for the many communities who have hosted our ships, aircraft, Sailors and Marines for so many years. Yet it is one we must pursue if we are to properly size our shore infrastructure to reflect the smaller force structure of the Post Cold War era. As you know, excess capacity in our shore facilities exerts a significant financial drain on the Department of the Navy's budget.

We are implementing the four scheduled rounds of base closure, the first in 1988 under the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, (Public Law 100-526) and three additional rounds in 1991, 1993, and 1995 under the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510). As a result of these BRAC decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

BRAC Implementation Strategy

We have adopted a straightforward strategy for implementing BRAC closure decisions. First, we want to achieve operational closure at each military installation se-

lected for closure as quickly as possible. By that, I mean all mission equipment and military personnel, with the exception of a small caretaker cadre, will be disbanded or relocated to the "receiving" location, the military mission will cease, and the Commanding Officer will order the flag lowered for the last time at the base. Second, we seek to support local communities in their conversion and redevelopment of our closing bases.

Rapid operational closure benefits the Navy and the affected communities. The faster we can close a base, the sooner we can realize savings from reduced operating costs. Operational closure substantially reduces the costs for utilities, protection services, supplies, hazardous waste handling and disposal, administrative support personnel, and a host of other landlord functions. The savings generated by not having to operate and maintain this excess infrastructure are significant. Excluding any revenue we may generate from land sales, we expect to save \$2.5 billion per year after operational closure of bases in the 1988, 1991, 1993, and 1995 rounds of base closure. We are counting on these savings to recapitalize our force structure in the future.

We are accomplishing this rapid operational closure by delegating daily decision-making down to the Commanding Officer of each BRAC installation. The Commander who was in charge of operating the base is now in charge of closing it. They are on the front line of achieving operational closure and they are doing a superb job.

Rapid operational closure also provides base closure communities with early opportunities for economic redevelopment. Effective community involvement and planning are central to conversion and redevelopment of our bases and also to the retention of a skilled labor force in the base closure communities. Our conversion and redevelopment efforts are guided by President Clinton's Five-Point Plan for Revitalizing Base Closure Communities: Job-centered property disposal as an economic incentive; Fast track environmental cleanup to facilitate reuse; Base Transition Coordinators to reduce red-tape; Ready access to redevelopment assistance; and Larger redevelopment planning grants.

BRAC Implementation Status

At the end of fiscal year 1995, the Department of the Navy had completed 86 of the total 178 closures and realignments required under the 1988, 1991, 1993 and 1995 rounds of base closure. This year and next will be our largest years of activity, as we plan to complete an additional 30 closures and realignments in fiscal year 1996, and 28 more in fiscal year 1997. Many of these will be major BRAC 93 actions. For example, we will close Mare Island Naval Shipyard in Vallejo, California and Charleston Naval Shipyard in Charleston, South Carolina on 1 April 1996.

Fiscal year 1996 will be our single largest year of construction, as we plan to award just over \$1 billion in BRAC construction projects. We are on track for completing all BRAC closures and realignments by 2001, as required by statute.

We are also making progress on converting excess real estate and other property to civilian uses. We have transferred 4,443 acres of land to local Redevelopment Authorities and other Federal agencies, and leased buildings and land under 24 leases and 25 licenses at 19 installations. We estimate that these efforts along with other redevelopment programs have created 5,000 jobs in base closure communities.

On the environmental front, we have established Base Cleanup Teams (BCT's) consisting of Navy, EPA regional, and state representatives at closing bases where property will be transferred outside the Federal government. The BCT's have developed Base Cleanup Plans which form the basis for prioritizing cleanup efforts at the base so that they are consistent with reuse plans. The BCT's have prepared Environmental Baseline Surveys (EBS) on all 1988, 1991, and 1993 BRAC closures, and are completing surveys on BRAC 1995 bases. To date, we have 34,827 acres that are environmentally suitable for transfer.

I attribute the success of our BRAC implementation program to the management emphasis we have placed on achieving expeditious closure and disposal of the bases to both Local Redevelopment Authorities and other Federal agencies. William J. Cassidy, Jr., the Deputy Assistant Secretary of the Navy for Conversion and Redevelopment; Rear Admiral David J. Nash, Commander, Naval Facilities Engineering Command; and Rear Admiral Louis M. Smith, Director of the Facilities and Engineering Division under the Chief of Naval Operations, have done an outstanding job applying the Base Closure and federal property disposal statutes and regulations to this process while also addressing community concerns and responding to the need for expeditious economic redevelopment with innovative policies and practices.

BRAC Innovation

The BRAC legislation and subsequent statutory and regulatory changes have provided us with greater flexibility and opportunities for innovation. For example, we have negotiated Cooperative Agreements with Local Redevelopment Authorities at several installations to provide essential municipal services during the transition to civilian use. These agreements structure our caretaker responsibilities as a bridge, rather than as continuing obligations, and provide a smooth transition to community responsibility for operation and maintenance of facilities on the closing installations.

The new authorities Congress has provided to convert real estate at closing installations to civilian use will also prove helpful. We have already successfully utilized the Economic Development Conveyance authority to convey base closure property in a manner that will create private sector jobs. We anticipate that the newly-created Port Benefit Conveyance Authority will also facilitate the conversion of former Naval Stations and Shipyards to intermodal ports that will create jobs and enhance our Nation's ability to compete around the world.

Federal agencies and the communities are beginning to work together to use the property available from base closures to meet environmental needs. For example, land has been set aside in reuse plans to ensure compliance with the Endangered Species Act and the Clean Air Act and to encourage conservation through the creation of wildlife refuges and parks.

The closures of Naval Air Warfare Center Indianapolis, Indiana and Naval Surface Warfare Center Louisville, Kentucky, present unique opportunities to mitigate the impact of closure on these two communities. We are developing a strategy with these two cities that will both reduce the Navy's infrastructure and retain jobs in the communities. Although there are still complex issues that must be resolved, we are confident that we will achieve privatization at both facilities.

We have also sought to minimize the impact of closures on our civilian work force by employing them, where we can, in post-closure activities. For example, we have established environmental detachments at Mare Island Naval Shipyard and Charleston Naval Shipyard, where former shipyard employees are being retrained to perform necessary environmental compliance and cleanup actions. These detachments provide an opportunity for our workers to gain new and transferable skills which also help us achieve environmental cleanup in a timely and cost-effective manner. In fact, we have found that the cost of the work done by these detachments is more than competitive with comparable costs in the private sector.

BRAC Budget

By the end of fiscal year 1996, we will have invested over \$6 billion implementing BRAC decisions. We are, however, now on the downward slope for BRAC budget requirements. Our fiscal year 1997 BRAC budget request totals \$1.4 billion, which is \$1.1 billion below the fiscal year 1996 amount of \$2.5 billion. BRAC 93 was our largest closure action, and much of the reduction in this year's funding is a direct result of having funded most of the construction requirements. We have obligated 99 percent of fiscal year 1995 and prior funds for all BRAC rounds and expect to do the same with fiscal year 1996 funds by the end of this fiscal year.

	Fiscal year—		
	1995	1996	1997
BRAC 91	\$321,000,000	\$422,000,000	\$103,000,000
BRAC 93	1,436,000,000	1,570,000,000	943,000,000
BRAC 95		509,000	399,000
Total	1,757,000,000	2,501,000,000	1,445,000,000

In the year 2001, I expect we will continue to need funds to complete environmental restoration at some bases, particularly where we operated industrial plants, and to continue caretaker activities at other bases.

In the past, Congress has imposed limitations on environmental funding within the BRAC account. These environmental "floors" and "ceilings" have complicated our ability to react to changing situations at closing bases. We do our best to try to accurately project our budget requirements, but the complexity of the BRAC moves that

must be accomplished, and the dynamics of the Local Redevelopment Authorities' evolving reuse and redevelopment plans make this a challenging endeavor. I ask that you place neither a "floor" nor a "ceiling" on the environmental portion of our BRAC budget and give us the flexibility to use the funds where they serve the greatest need.

QUALITY-OF-LIFE

Quality-of-life programs include military pay and allowances, housing, medical care, child care, family services, morale, welfare and recreation programs. We need to invest in these programs just like we invest in technology, combat systems, and weapon platforms.

The Secretary of Defense, with the enthusiastic support of the Service Secretaries and Chiefs of Staff, has made quality-of-life programs a top priority. I will focus my comments on the housing portion of quality-of-life.

Family Housing

Our first choice is to rely on the private sector to house Navy and Marine Corps families. About 70 percent of our military members purchase or rent homes in neighborhoods around the base, and the remaining 30 percent live in military family housing. We own, operate, and maintain 96,000 homes and lease another 5,600 homes in the U.S. and overseas.

Our family housing program has suffered for many years in two areas: Insufficient funds to fix and modernize older homes, and our inability to resolve our long-standing shortage of adequate homes, now equal to 26,000.

Several years ago, the Navy adopted a Neighborhoods of Excellence (NOE) program to "first fix what we own." NOE targeted family housing improvement funds for upgrading electrical and plumbing systems, replacing windows and doors, installing new insulation, updating kitchens and baths, improving landscaping, street lighting, and utility services for an entire neighborhood, rather than doing piece-meal improvements to selected components of an individual house. The Marine Corps has adopted a similar program in the Commandant's Campaign Plan. Most of our family housing construction program builds replacement homes that can no longer be economically repaired.

Family Housing Budget

Our fiscal year 1997 budget request of \$1.4 billion is similar to last year's \$1.6 billion approved program. Although fiscal year 1997 is \$155 million below fiscal year 1996, let me assure you that we are not wavering from our commitment to improving housing. To the contrary, we added significant construction and improvement funds last year in both fiscal year 1996 and fiscal year 1997. We have kept these increases in fiscal year 1997. The Congress added funds in fiscal year 1996. Our fiscal year 1997 family housing budget remains over \$200 million higher than fiscal year 1995.

Our fiscal year 1997 construction program provides 960 replacement homes at 4 locations, 248 new construction homes at three locations, 5 community centers and 2 housing offices. Our improvements program covers 30 NOE improvement projects at 2,661 homes. Navy and Marine Corps NOE projects target an entire neighborhood and upgrade electrical and plumbing systems, replace windows and doors, install insulation, update kitchens and baths, as well as improve neighborhood landscaping, street lighting, and utility services.

	Fiscal year—		
	1995	1996	1997
Construction	87	207	198
Improvements	159	293	183
Design	25	24	23
Operations	391	411	397
Maintenance	462	534	508
Leasing	79	104	109
Total	1,204	1,573	1,418

We have been able to decrease our operations and maintenance needs due to an inventory reduction of about 2,000 homes, primarily as a result of BRAC actions. We have increased our leasing budget to support additional foreign leases in Italy.

Although current funding levels will allow us to eliminate our revitalization backlog by the end of fiscal year 2005, we will still have a housing shortfall of 26,000 homes. This shortfall represents families who cannot find suitable housing in the community to buy or rent, either because there is simply not enough housing stock available, or because the available housing is too expensive, requires an excessively long commute, or provides insufficient space for the size of the family. We plan on relying on the new privatization authorities to help solve this deficit.

Housing Privatization Efforts

The Fiscal Year 1995 Authorization Act, Public Law 103-337 (10 U.S. Code 2837) gave the Department of the Navy exclusive new authority to enter into limited partnerships with private developers to build housing for our people. As a limited partner, we could contribute up to 35 percent of the development cost of a housing project, with our liability limited to the financial contribution we made to the partnership. The partnership would acquire housing that was both suitable and affordable for our military families. We would expect to later recover our investment and reinvest the proceeds to provide additional housing in other housing privatization initiatives. We would of course structure the partnership to ensure that our military families would receive preference for placement in these homes.

As required by the Fiscal Year 1995 Authorization Act, the Secretary of the Navy established a Department of the Navy Housing Investment Board, which I chaired. Comprised of housing and financial leaders from the Department of the Navy, the Office of the Secretary of Defense, and the General Services Administration, the Board chartered a course for identifying, evaluating, and ultimately making recommendations for the Secretary of the Navy to approve a mutually beneficial partnership with a housing developer.

As a result of the Board's efforts, we are pursuing partnerships to provide housing in two locations: Corpus Christi, Texas (including the Kingsville and Ingleside areas) and Everett, Washington. We intentionally chose smaller markets to test this new authority. We wanted to score a quick success, and then capitalize on our experience to approach the much larger and more complex markets in Norfolk, Virginia; San Diego, California; Camp Pendleton, California; and other locations where we have large deficits.

We have been extremely busy in pursuing limited partnerships in Corpus Christi and Everett. We announced our intentions in the Commerce Business Daily, sponsored an industry forum for interested developers, held pre-proposal conferences, and worked closely with real estate developers and the financial community to structure a Request for Proposal (RFP) that would be mutually beneficial. After receiving the RFP, we went to each proposed site to see firsthand what was there now, and how the proposer's project would integrate into current and planned development.

The source selection process is now nearing completion. We are now in the process of formalizing the limited partnership agreement with the selected proposer at each location and expect to come to final terms next month. We plan to provide the required Congressional notification in April and sign the limited partnership agreements by May.

We expect the partnership to obtain about 400 homes in the Corpus Christi/Kingsville/Ingleside, Texas area, and 200 homes in Everett, Washington. The homes would consist of a mix of 2, 3, and 4 bedroom units. We plan to use the DOD Family Housing Improvement Fund for these projects.

I think you will agree that we have truly come a long way in a very short time.

I am even more optimistic about the opportunities provided in the Fiscal Year 1996 Authorization Act (Public Law 104-106). The fiscal year 1996 Act significantly expanded the number of tools available for us to acquire housing, and superseded the fiscal year 1995 limited partnership authorization available only to the Navy. We are working very closely with the Deputy Assistant Secretary of Defense for Installations and the other Services to share our experiences with limited partnerships and to take full advantage of the fiscal year 1996 language. We are in the early stages of drafting plans for housing in 10 Navy and Marine Corps locations.

In the fiscal year 1997 President's budget, we are asking for authorization and appropriation for traditional family housing construction projects on a scale similar to that in the last several years. Some of these projects may actually become privatization projects, and thus require substantially less money to acquire than that which is authorized and appropriated. Any "leftover" funds will be used for additional privatization efforts to acquire additional housing, as envisioned by the fiscal

year 1996 Act. Our goal is to provide more housing, and provide it sooner with the same amount of money to solve our housing shortages. To be successful, this must not turn into a budget cutting expedition.

Bachelor Quarters

We have not forgotten the housing needs of our single Sailors and Marines, which includes unmarried members as well as those on unaccompanied tours, in training, or on temporary duty at a base. The Navy has 129,600 bachelor quarters (BQ's) spaces located throughout the world, and the Marine Corps has 85,000. Many of the BQ's face the same obsolescence as our family housing units.

One of the more important developments here is the adoption of the new 1+1 standard for building new, permanent party BQ's by the Secretary of Defense last year. The new standard is based on a module consisting of two individual living/sleeping rooms with closets and a shared bath and service area. The module contains up to 47 square meters of gross area, and 11 square meters of net living area per living/sleeping room. The new standard does not apply to BQ's to house transients, recruits, and those receiving entry-level skill training.

The new standard will solve long-standing dissatisfaction from Service members over the privacy and living space afforded under the old standard. The Navy is designing its fiscal year 1996 permanent party BQ's projects under the new standard and will convert older BQ's to the new standard where feasible. Under an exception to the 1+1 standard, the Marine Corps will initially emphasize construction of two-person rooms, i.e., "2+0," to improve quality-of-life for a larger number of Marines, and later transition to the 1+1 configuration.

BQ's Budget

Our fiscal year 1997 budget doubles BQ's construction funding, from \$103 million in fiscal year 1996 to \$208 million in fiscal year 1997. We have a total of 15 projects, including large projects at Pearl Harbor, Hawaii; Camp Pendleton, California; and Sigonella, Italy. A portion of this increase is a direct result of the Secretary of Defense decision to implement the Marsh Panel recommendations.

MILITARY CONSTRUCTION

Frankly, it is here that we have had to make some tough decisions. We are still not investing in recapitalizing our infrastructure at a level that I believe is needed. The result is the continual aging of our infrastructure. I am not very happy with the situation, but I must acknowledge that it is the result of an explicit policy of protecting readiness and quality-of-life.

MILCON Budget

Our fiscal year 1997 Military Construction and Military Construction, Navy Reserve budgets of \$525 million and \$11 million are similar to last years approved programs of \$555 million and \$19 million respectively.

We are selecting construction projects that provide the greatest investment value. Our program is heavily weighted to the quality-of-life area, which totals approximately 40 percent in BQ construction in 21 quality-of-life projects in the fiscal year 1997 program.

Mission support projects which provide new capabilities to the fleet total 42 percent. I particularly want to call your attention to two projects that support nuclear aircraft carrier homeporting. Naval Air Station North Island, California is transitioning from a conventional carrier homeport to a nuclear carrier homeport. The first carrier, the *Stennis*, is scheduled to arrive in late fiscal year 1998. Our fiscal year 1997 budget includes a \$27 million nuclear maintenance facility and a \$59 million channel dredging project.

I believe we have turned the corner on the need for a sizable environmental compliance construction program, as these projects represent only 6 percent of our fiscal year 1997 program. We have 6 environmental construction projects totaling \$34 million that are required to comply with Class I environmental standards. This is in sharp contrast to just three years ago, when Class I environmental construction projects totaled \$137 million of the fiscal year 1994 program and we were upgrading and replacing a large number of wastewater treatment plants. The remainder of the program funds construction design and unspecified minor construction. Only 23 percent of our fiscal year 1997 program is for revitalization.

Our fiscal year 1997 reserve construction program includes 6 projects in support of operations and training totaling \$9.1 million, and \$1.9 million for planning and design.

NEED FOR FURTHER INFRASTRUCTURE EFFICIENCIES

The end of the Cold War has brought about dramatic changes in the political, social, military, and economic fabric of the world. Old allegiances have been broken. New alliances have been formed. The threat of global war has diminished.

Under the leadership of the Secretary of Defense, each military service has developed new military strategies to respond to changes in the threat to our national security. We have done so in light of dramatically smaller budgets. In 1987, the Department of the Navy budget was \$95 billion. Ten years later, it is, without accounting for inflation, \$16 billion less at \$79 billion. We have cut the number of ships from 568 to 339, and the number of active duty military end strength from 786,000 to 580,900 over this ten year period. Budget constraints have forced us to make tough decisions about upgrading existing weapons systems, and to carefully consider the affordability of next generation platforms.

The BRAC process, along with overseas closures such as Subic Bay, Philippines, has helped to eliminate excess capacity in our shore infrastructure. However, even after implementing these closure actions, we will have reduced the plant replacement value of our shore infrastructure by only 17 percent since 1988, the first round of BRAC. This stands in contrast to the 26 percent reduction in military end strength, and 40 percent reduction in ships over this same time period.

We need to continue efforts to reduce unneeded infrastructure on our remaining bases, consolidate functions, and demolish unneeded structures to minimize Operation and Maintenance costs. Let me outline a few ways that we are accomplishing that.

Efficiencies in Logistics Reduce Facilities Requirements

One way we are reducing our revitalization needs is to reduce the number of facilities that are needed. This is one of the benefits of several different management initiatives underway by the Chief of Naval Operations. Under the Regional Maintenance Concept, the Navy is consolidating ship and aviation maintenance shops in geographical regions to eliminate excess capacity without forfeiting capability. For example, in the Tidewater Virginia region, we have already gone from 18 motor rewind shops each used only a few hours per day, to the two most efficient shops, allowing use to shut down 16 motor rewind shops. The goal is to eventually combine intermediate level maintenance with depot level maintenance at eight locations.

Initiatives such as Readiness Based Sparing and Consolidated Inventory Control Points have already reduced the number of spare parts required in inventory, the number of warehouses required for storage, and the number of times each part must be handled.

These actions will cut the amount of warehouse and maintenance facilities we need to acquire, maintain, and eliminate the need to revitalize many existing facilities.

Efficiencies in Base Operations Support

Rear Admiral John T. Scudi, Director of the Shore Installation Management Division under the Chief of Naval Operations, is pursuing a number of initiatives designed to bring about greater efficiencies in our shore installations. One promising area is in regional consolidation of BOS functions. Many of our large bases have duplicate and redundant functions. This is further complicated by the many different tenant activities on our bases, with many tenants providing some or all of their own BOS functions. The concept is to achieve greater efficiencies by consolidating and centralizing functions. Does each base need multiple managers for galleys? for barracks? for fire, security and police protection? Regionalization test cases are underway at Jacksonville, Florida, and San Diego, California Naval complexes to explore the feasibility of regionalization. These efforts will try to identify what core functions are needed and what drives them, what specific functions could be regionalized, and what organizational structures are needed to support regionalization.

The Navy is also reviewing the continued need for tenant organizations on base. The objective is to eliminate or reduce tenant activities that are no longer value added in the post cold war era. Reducing the number of tenants, and consolidating BOS functions will further reduce Operations and Maintenance costs, as well as reduce facility requirements.

Privatization / Outsourcing

Another promising area brought about in part by the National Performance Review, the recommendations of the Commission on Roles and Missions, and numerous other studies is the pursuit of greater efficiency and lower cost through privatization and outsourcing. In many cases, the commercial sector is often more capable, responsive, and cost-effective in providing services. We want to be able to take ad-

vantage of that whenever possible. The Secretary of Defense has chartered a special group to investigate enhancing the use of A-76 procedures to make greater use of the unique capabilities of the private sector. My office has played a key role in trying to take better advantage of existing A-76 authorities throughout the Department of Defense.

Department of the Navy Analysis Team

Last December, the Secretary of the Navy stood up a Department of the Navy Analysis Team, under the leadership of a newly established Deputy Under Secretary. The Analysis Team will capitalize on insights stemming from the base closure and realignment process to identify, evaluate, and recommend opportunities for privatization, restructuring, improvement in management, information, and incentives for decision-making. They will look vertically and horizontally across the Navy and Marine Corps to improve the overall efficiency and effectiveness of the Department of Navy. All recommendations will carefully consider operational factors as well as military and civilian personnel issues.

Demolition

Cash flow decisions in the past often resulted in decisions to defer demolition, permitting unneeded buildings to remain occupied, often very inefficiently, and exacerbating utility costs and maintenance and repair costs. We have started a small centralized demolition program of \$5 million per year to eliminate high cost excess facilities. This effort is supplemented by non-centrally managed Operations and Maintenance funded projects at by the Fleet to tear down excess buildings and warehouses vacated under new supply initiatives.

VISION FOR THE FUTURE

While I am very pleased with our quality-of-life programs, privatization opportunities, and the numerous initiatives underway to bring about greater efficiencies in our shore infrastructure, we still need one important ingredient * * * an overall vision for our shore establishment of the future with base closure and realignments completed and outsourcing programs in place. That vision will provide the game plan for replacement and modernization of our Navy and Marine Corps infrastructure. Let me assure you, we are hard at work developing that vision. We have engaged the Center for Naval Analysis to help analyze where our primary problems are. We have gathered an extensive database of critical shore infrastructure needs and capabilities. We are conducting "focus groups" with senior officers in the Fleets and Fleet Marine Force to define our goals and objectives.

I expect this vision to guide us into the next decade in our efforts to provide quality shore facilities for our Sailors and Marines.

That concludes my statement. I appreciate the support that this Committee and its staff has given us in the past, and I look forward to continued close cooperation in the future.

I will be pleased to answer any questions.

SAN DIEGO BEACH REPLENISHMENT

Senator BURNS. Mr. Secretary, I guess the first question here that I was aware of—the Navy wants to amend their fiscal year 1997 military construction request to include \$9.6 million for beach replenishment in San Diego County. The Navy has to dredge part of the San Diego Harbor and the channel for the new homeporting of the *John Stennis*, I understand.

The President has promised to replenish the beaches from San Diego to Camp Pendleton. This includes Mission Beach, Delmar, and Oceanside. It will add another \$9.6 million to a dredging project that already costs \$48.9 million. All of these beaches are in San Diego County, which is the top 5 percent of counties in the United States. They have the highest gross domestic product down there. And I understand that a barracks project in Puerto Rico was canceled to further the effort and fund a critical environment project in Norfolk, VA.

Is this true?

Mr. PIRIE. That is true; yes, sir.

Senator BURNS. Mr. Secretary, I am afraid that that was not a part of the President's 1997 budget request, and you are going to have to amend the budget. The only way you can do that is with a letter from Secretary Perry. I just want to know if you are aware of that?

Mr. PIRIE. I was not aware of the exact budget modalities, Mr. Chairman. But we will proceed to put that into place.

Senator BURNS. It has to be done in that manner. That is the way all the rest of them have been done. And let us not get out of step here. I find that when we are strapped for money anyway and we are going to start talking about replenishing or refurbishing beaches from San Diego to Oceanside, when the Pacific Ocean has always rearranged that country to its own delight anyway, why we are doing that is beyond me.

I certainly hate to take money away from the quality of life of our young men and women for an exercise such as this. And I would hope that you could communicate that to the powers that be, and that we go through the proper channels in order to get it done.

Senator Reid, do you have any questions?

Senator REID. Yes; I have a couple of questions, Mr. Chairman.

I am, of course, concerned about the privatization initiative with housing. That is important. We at Fallon have had significant growth, and people there have not been living in decent homes.

Last year's conference report earmarked about \$1.4 million for the study, planning, design, architect, and engineering services for a child development center galley and bachelors enlisted quarters at Fallon. Can you give me an update as to what is going on there?

Mr. PIRIE. I believe that is in the program, but it is not in this budget year.

Admiral Nash, do you have any details on that?

Admiral NASH. Yes, sir; just a minute.

Sir, this was on the child development center?

Senator REID. Yes.

Admiral NASH. All of those projects, we have begun the preliminary design on those. We are looking at doing the normal things we do to get started. In terms of where that child development center is, it is presently unprogrammed at this time.

Senator REID. Unprogrammed?

Admiral NASH. Yes, sir.

Senator REID. And what happened to the \$1.4 million that we earmarked?

Admiral NASH. For the design, sir?

Senator REID. Yes.

Admiral NASH. We are underway with that right now, for the CDC, the galley, and the BEQ.

Senator REID. When will that be completed?

Admiral NASH. Sir, I will have to get back to you. I do not know the exact completion date. We have started, but it is not completed.

[The information follows:]

The design process for those projects has recently been started by the Naval Facilities Engineering Command (NAVFAC).

The Navy's account for "Architectural and Engineering Services and Construction Design" (P&D) over the past few years has been impacted by an unusually high amount of unanticipated expenses and until savings were identified in other areas of the Milcon budget, some design efforts for other than projects in the next budget

year had to be deferred. The Fiscal Year 1996 Military Construction Act increased the Navy's P&D account by \$4,000,000 but that only partially offset the \$13,100,000 shortfall. We have recently submitted a request for reprogramming \$9,100,000 of Milcon savings into the P&D account which, if approved, will permit the design efforts of both our fiscal year 1998 and 1999 projects and special interest projects to continue.

WATER MANAGEMENT NAS FALLOON, NV

Senator REID. Another concern I have is we have had ongoing problems at the air base. The air base is located in a major agricultural area for the State of Nevada. And because the water there is—most of it is irrigated, we have had problems for years with water quality. And, in fact, when I was in the legislature back in 1969, people were up in arms because there was arsenic in the water at that time, and nothing has been done about it.

It appears to me, with the new pressure that we have placed on water resources resulting from the introduction of new commands there and functions at Fallon, that the water situation needs renewed attention. What can you tell us about the water situation at Fallon and the Navy's plans to address the situation?

Admiral NASH. Yes, sir; I believe there was a land and water management plan that was put together. And it identifies crop patterns and water requirements.

Senator REID. Yes; I have more of a concern. My concern is I think we need to take a look at this and I have spoken to the admiral there and the captain at Fallon in recent weeks—I think we need to look and see if we can do a study there about water quality, and not the fact that we are leasing land for agricultural purposes from the Navy. I think that would be a tremendous benefit to the Navy there, but also there would be some side effects to the community. Because if we come up with some interesting facts and figures, that will be important to the city of Fallon and the county.

So I would ask that you take a look at that, see what some of your people think should be done, and get back to me in writing on that.

Admiral NASH. Yes, sir; we will.

Senator REID. OK.

Admiral NASH. Yes, sir.

[The information follows:]

The United States Geological Survey (USGS) has proposed to study the water inflows, outflows and water quality characteristics of the Basalt aquifer, the primary potable water source for NAS Fallon, as well as the city of Fallon, Fallon Paiute-Shoshone Indian Tribe and numerous industrial users in the Fallon area. The USGS has indications that the aquifer levels are dropping, and the water quality is being degraded. The USGS proposal calls for a four year study, at a cost of over \$1.3 million.

The Navy has identified a \$175,000 environmental compliance project to fund the initial phase of the study. We expect other users of the Basalt Aquifer to contribute to this effort. A copy of the USGS proposal was provided to Mr. Jerry Reed, Military Liaison Director for Senator Reid.

Senator REID. I have some other questions about unexploded ordnance. I will submit those in writing to the Navy, Mr. Chairman.

CHILD CARE CENTERS

Senator BURNS. Does the Navy have a port in Fallon?

Senator REID. No; we do not have a port in Fallon, but the next earthquake in California, we expect one. [Laughter.]

Mr. PIRIE. Yes; we have a naval air station that supports Top Gun, which is pretty important to us, Mr. Chairman.

Senator BURNS. It sure is.

Mr. Secretary, just a question. Last year, we noted there were some shortages as far as the Navy was concerned—maybe not the emphasis on child care centers. There was some extra money appropriated for that activity. I notice this year you only have one child care center that has been requested domestically. Can you give us the reason why we are spending our money offshore on child care centers?

Mr. PIRIE. We are really in the throes of a reevaluation of how we are going to provide the services of child care centers and whether privatization initiatives would not do it better. And given that we have not made up our minds on the strategic direction, we have gone a little bit slow this year. We hope to have a better answer for you by next year.

Senator BURNS. Well, I see you have gotten your request this year; \$71.3 million requested this year for child care. Now, what are we doing with the money?

Mr. PIRIE. Where are the centers? We can give you a list of the projects.

Admiral NASH. Are you talking about the centers or child care, sir?

Senator BURNS. Well, it seems like there is a lot of difference now, and we are just now getting in gear, but we are still requesting \$71 million.

Admiral NASH. We have one project, as far as I know, Senator.

Senator BURNS. OK.

Mr. PIRIE. That may be the operating costs of the centers.

Senator BURNS. I think that is right. That is what I am told.

Mr. PIRIE. And if that is true, we have got to pay the bills.

Senator BURNS. OK. All right, fine.

I have just a couple of questions on your barrack standards that I'm concerned about because, like last year, I wanted to switch some money. The Marine Corps is running desperately shallow on housing, and I want to do some areas in that. I want to just sit down with you privately, if I could, and talk about that situation, and quality of life. Being as they are a little bit close to my heart, especially the enlisted people in the Marine Corps, and their quality of life. I would like to improve that if I could.

I would just like to talk to you, to reshape this thing maybe just a little bit if we could.

Mr. PIRIE. Yes, sir; I would be very glad to do that.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. I have some other questions, and if you could respond to them. And again, I would leave the record open. Other committee members will have questions. If you could respond to them individually and to the committee, we would appreciate that.

Mr. PIRIE. Yes, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

NEIGHBORHOODS OF EXCELLENCE

Question. The Navy recently opened its first new enlisted housing built under the Navy Neighborhoods of Excellence standards. I believe this is near Norfolk Naval Base in Virginia. The designs developed by the Navy appear to be the model for future housing construction.

Secretary Pirie, do the homes constructed with the Neighborhoods of Excellence standards favorably compare to those found in the private sector?

Answer. Yes, the homes constructed with the Neighborhoods of Excellence standards do compare favorably to those found in the private sector. Analysis of recent Navy new/replacement construction projects indicates:

- The average construction cost (\$/gross square feet) is approximately three and one-half percent (3.5 percent) more than the HUD reported mean residential cost and seven percent (7 percent) below the "1995 Means Residential Cost Data."
- The Navy's average unit size of approximately 1,400 gross square feet (GSF) is between the HUD reported average multi-family unit size of 1,050 GSF, and the national average of 2,075 GSF.
- Minimal differences were noted in criteria or construction standards, with the exception of energy related features (i.e., HVAC systems, windows, insulation, and appliances).

Question. Regarding quality-of-life, how do Neighborhoods of Excellence facilities compare with those envisioned under the family housing improvement fund?

Answer. The housing procured under the family housing improvement fund will be representative of typical private-sector residential construction. Both the fiscal year 1995 and the fiscal year 1996 authorities will provide housing that is different from traditional military construction housing. The principal differences between Navy and Private Sector housing are better Navy design features like covered parking (carport/garage), age-appropriate recreational facilities (tot-lots, playgrounds and play courts), bulk storage space, and washer/dryer space in units.

FAMILY HOUSING IMPROVEMENT FUND

Question. The Navy is proceeding with projects at Corpus Christi, Texas and Everett, Washington as part of the family housing improvement fund. Last year OSD received \$22 million in seed money for the start of this new initiative. We look at this as another tool that the Defense Department hopes to use in narrowing the housing gap.

Secretary Pirie, how heavily is the Navy relying on this new initiative to reduce its current housing shortage?

Answer. We are optimistic that these new initiatives will solve our deficit problem and contribute significantly to our revitalization needs. We are well along with two efforts using the fiscal year 1995 Navy authority to establish limited partnerships with housing developers. We anticipate advising the Congress shortly of our intention to select general partners for the construction of 400 homes in the Corpus Christi/Ingleside, TX area, and for 200 homes in Everett, WA.

The Fiscal Year 1996 "Housing Revitalization Act" extended and expanded authorities the Navy received in fiscal year 1995 to enter into limited partnerships with private sector developers for the construction of housing. Along with the other Services, we are working with the OSD Housing Revitalization Support Office (HRSO) to optimize the use of the new authorities.

Question. What is your next move after these contracts are awarded?

Answer. We have targeted a number of locations to work with the private sector in the implementation of these new authorities. Working through HRSO we are fast-tracking these projects with the intent of executing them as soon as possible.

Location	Units	Type of project
Norfolk, VA	824	Replacement.
Newport, RI	238	Revitalization.
San Diego, CA	500	New Construction.
Westover, MA	100	Replacement.

Location	Units	Type of project
Long Island, NY	250	Replacement.
Mayport, FL	200	New Construction.
Pascagoula, MS	120	New Construction.
San Diego, CA	812	Replacement.
Camp Pendleton, CA	424	New Construction.
Kaneohe Bay, HI	53	Replacement.

Question. How many more Navy contracts within this fund do you expect to award in fiscal year 1996 and fiscal year 1997?

Answer. The Navy plans to execute the limited partnership initiatives in Corpus Christi, TX and Everett, WA in fiscal year 1996. The Navy has provided a list of proposed privatization locations to the Housing Revitalization Support Office (HRSO). Upon completion of the HRSO's feasibility studies, execution dates will be projected for the remaining proposed locations. We expect to issue Requests for Proposals for most projects in fiscal year 1996 and execute feasible projects by fiscal year 1997.

Question. I understand the lease term is only for 10 years. What advantage do we receive with such a short lease?

Answer. A ten-year time frame was set as the preferred duration in the Request for Proposals based on feedback from industry forum discussions and further dialogue with industry. Two primary themes emerged from the development community—those interested in short-term agreements (5 years) and a quick return on their investments, and those interested in longer term agreements (15–30 years). Considering the fiscal and social dynamics of residential communities, the ten-year period was selected as the preferred duration but proposers were encouraged to offer other durations representative of their particular interests. Proposals are being evaluated on the basis of best overall value.

CHILD DEVELOPMENT CENTERS

Question. Last year we included language directing the Navy to program fiscal year 1997 funds for Child Development Centers. It was clear that the Navy was not meeting its goals for child care. The committee also found that this shortfall might be significantly understated in the future.

Secretary Pirie, is the Navy meeting its goal for child care?

Answer. No, the Navy and Marine Corps do not now meet the Department of Defense goal to provide 65 percent of the potential child care need. We are, however, pursuing several alternatives to expand the existing program. The alternatives are: (1) expansion of the Family Child Care (FCC) program (provided by Navy and Marine Corps spouses in on- and off-base housing) through use of subsidies; (2) expansion through outsourcing or "buy down" rates in qualifying civilian Child Development Centers (CDC); (3) partnerships with the local community and school system for ages 6–12; and (4) resources and referral to licensed Child Development Centers and Family Child Care in the civilian community. Finally, if these four alternatives still do not allow us to meet the requirement, another, (5) additional construction of new Child Development Centers will be required where local resources will not meet the total need. There are Child Development Centers included in the current budget and in the FYDP.

Question. Why are there no projects for Child Development Centers in the Navy's request this year?

Answer. The Navy and Marine Corps each have one Child Development Center project programmed in fiscal year 1997. The Navy project is part of a larger Quality-of-Life facility in ASU Bahrain, and the Marine Corps project is at MCAGCC Twentynine Palms, California. Due to tight funding constraints, the Navy was unable to include additional Child Development Center MILCON projects in fiscal year 1997. We are focusing our efforts on the alternatives to increase the supply of Child Development Center spaces.

Question. The highlights of the Department of the Navy fiscal year 1997 budget include \$71.3 million for child care. What is this for?

Answer. The \$71.3 million included in the fiscal year 1997 Navy budget for the child development program will provide funding to operate 40,054 spaces for children ages 0–12 and bring Navy to 50 percent of the DOD goal. This funding provides the resources necessary to effectively operate the Navy child development program in accordance with the Military Child Care Act of 1989. Specifically, funding is identified for salaries, supplies, equipment, travel of personnel, maintenance and

repair, minor construction, rents and utilities, custodial, contracts (outsourcing), and training.

SAND REPLENISHMENT IN SOUTHERN CALIFORNIA

Question. The Navy wants to amend their fiscal year 1997 military construction request to include \$9.6 million for beach replenishment in San Diego county. The Navy has to dredge part of San Diego harbor and channel for this new homeporting of the *John Stennis*. The President has promised to replenish the beaches from San Diego to Camp Pendleton. This includes Mission Beach, Delmar and Oceanside. It will add another \$9.6 million to a dredging project that already costs \$48.9 million. All of these beaches are in San Diego county which is in the top five percent of counties in the United States with the highest gross domestic product.

I understand that a barracks project in Puerto Rico was canceled to fund this effort and fund a critical environmental project at Norfolk, Virginia. Secretary Pirie, is that true?

Answer. The revision to the budget was a multiple project change that included: addition of an oily waste collection system project at Norfolk, VA; addition of a combined fire/crash rescue station project at Kingsville, TX; addition of the pier project at San Clemente, CA; addition of the on-shore dredge spoil disposal alternative to the San Diego harbor dredging project; and deletion of a barracks replacement project at Roosevelt Roads, Puerto Rico.

Question. Mr. Secretary, I'm afraid this was not part of the fiscal year 1997 President's budget request. You are going to have to amend the budget. The only way you can do that is with a letter from Secretary Perry. Is the Navy aware of this?

Answer. The Department of Defense Comptroller included errata sheets to the fiscal year 1997 Construction Programs C-1 exhibit revising initial budget information previously provided to the Congress. The Department of the Navy's 1997 Budget Estimates for Military Construction and Family Housing Program, Congressional Submission, dated March 1996 contains the correct information along with the DD Form 1391's for the added projects.

The Under Secretary of Defense (Comptroller) referred a letter of 20 March 1996 from Representative Hefley, Chairman of the Subcommittee on Military Installations and Facilities, Committee on National Security, on late revisions to the Department of the Navy's fiscal year 1997 Military Construction Budget to the Secretary of the Navy for further response. The Secretary of the Navy sent a response to Representative Hefley, and Representative Ortiz, Ranking Minority Member on 16 May 1996 explaining the changes and why they were made.

Question. Would you please explain to the committee how \$9.6 million for beach replenishment of Southern California during an election year is considered vital for our national security?

Answer. Generation of approximately 7 million cubic yards of beach suitable dredge material offered a rare opportunity to partner with the local communities and reinforce our position as a valued member of the greater San Diego community. Recognizing that the Navy's presence has a significant impact throughout the San Diego area and that thousands of Navy and Marine Corps members call the San Diego area home, the Navy determined that cooperating with the local communities to replenish public beaches was consistent with its role as a major element in the San Diego community.

Question. How do you explain to our young men and women who were going to get a new barracks why sand on the beach is more important?

Answer. The barracks project in Puerto Rico is a replacement project. Sufficient barracks exist in Puerto Rico to meet the requirement, but they do not meet current standards. This project is intended to replace existing, substandard barracks with new barracks meeting current standards.

After submission of the budget, the Navy's Atlantic Fleet Commander determined that it was more urgent to provide an oily waste collection system at Norfolk than to replace an existing barracks in Puerto Rico. He therefore requested the substitution of the oily waste collection system project for the Puerto Rico barracks replacement project. The Navy is not canceling the barracks replacement project at Puerto Rico, but rather delaying it for one year.

Question. How will the President communicate to us that he has changed the Navy's fiscal year 1997 budget request?

Answer. The Department of Defense Comptroller included errata sheets to the fiscal year 1997 Construction Programs C-1 exhibit revising initial budget information previously provided to the Congress. The Department of the Navy's 1997 Budget Estimates for Military Construction and Family Housing Program, Congressional Sub-

mission, dated March 1996 contains the correct information along with the DD Form 1391's for the added projects.

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NEW BARRACKS STANDARD

Question. Secretary Perry's new barracks standard specifies a module, which contains two living and sleeping rooms, closets, a bath and a service area. It has a maximum size of 506 square feet. This space is intended for E-1's thru E-4's, or an E-5 or above.

Secretary Pirie, when do you anticipate that the Navy would meet this standard under current funding conditions?

Answer. Under current funding conditions, the Navy expects to reach the new 1+1 barracks construction standard for all permanent party personnel by approximately the year 2013, as submitted in the DOD report to Congress in December 1995.

The Marine Corps' BEQ inventory currently includes a significant number of inadequate quarters where our junior enlisted Marines occupy squad bays or share "gang-type" bathrooms. The new construction standard allows the Secretary of a military department to waive this standard wherever the collective quality-of-life for members of a Service would be more enhanced by constructing to a lesser alternative, but providing new quarters to a larger number of people. We have issued such a waiver to allow the Marine Corps to construct BEQ's to a modified standard which provides for two individuals per room with a shared bath/service area. While we have consistently held that quality-of-life has many aspects, including training and readiness, the single enlisted Marine remains the focus of Marine Corps quality-of-life programs.

Question. Do you consider the new troop housing construction standard (1+1) to be a goal or a standard for the Navy?

Answer. The new "1+1" construction standard for bachelor enlisted quarters (BEQ's) represents a commitment to upgrading the level of privacy provided to each service member. We consider this a "standard" for new construction and rehab of existing facilities for permanent party personnel and we have established a "goal" for achieving this standard for all permanent party personnel.

Question. Do you believe the Navy is taking Secretary Perry's new standard seriously?

Answer. Yes, the fiscal year 1997 Navy budget request keeps us on course to implement the 1+1 standard for permanent party personnel, consistent with the DOD plan previously submitted. In 1997, all barracks for permanent party Navy personnel are designed to the 1+1 standard and, in fact, the Navy's design manual has been revised to reflect this new standard.

The Marine Corps' BEQ inventory currently includes a significant number of inadequate quarters where our junior enlisted Marines occupy squad bays or share communal bathrooms. The new construction standard allows the Secretary of a military department to waive the 1+1 standard wherever the collective quality-of-life for members of a Service would be more enhanced by constructing to a lesser standard that provides new quarters to a larger number of people. We have issued such a waiver to allow the Marine Corps to construct BEQ's in fiscal year 1996 and fiscal year 1997 to a modified standard that provides for two individuals per room with a shared bath/service area.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

ADAK NAVAL AIR FACILITY—ENVIRONMENTAL REMEDIATION

Question. One of the major issues surrounding the Adak closure is the environmental clean-up. I understand that a Remedial Advisory Board (RAB) has recently been formed for Adak. What contracting strategy does the Navy intend to use to accomplish the environmental remediation on Adak?

Answer. Our contracting approach for Adak is to:

—Maximize new fixed price contract opportunities;

- Use existing CLEAN (Comprehensive Long-Term Environmental Action, Navy) and RAC (Remedial Action Contract) contracts to expedite transition and to provide technical support;
- Incorporate "Preference for local and small businesses" into the selection process, as required in Public Law 103-160;
- Use both existing and future contracts with Alaskan small businesses awarded under Section 8(a) of the Small Business Act;
- Comply with the "Preference for local residents" section of Public Law 103-337;
- Protect historic and cultural values at Adak with the Alaska State Historic Preservation Officer.

Question. What is the associated time line for that clean-up effort?

Answer. The majority of the clean-up is scheduled for fiscal year 1996-1997 while the fleet continues operation of the base. Pumping and recovery of petroleum products will continue until at least fiscal year 2001, depending on site conditions and in consultation with regulators and stakeholders.

ADAK NAVAL AIR FACILITY—BERING HILL

Question. I understand that the Navy has begun to lay away some of the facilities on the base. What are your plans with regards to those located on Bering Hill?

Answer. Preparations are in progress for the move off of Bering Hill beginning in May 1996. The High School and McDonald's Restaurant will be used to support galley, MWR operations, and the Ship's Store. All military residents will be housed in the Sandy Cove Housing area. This move will be followed by a phase down of utilities for that area of the installation.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

NAVY HOUSING

Question. Mr. Pirie, I have a letter which was sent to the Subcommittee Chairman on March 5, 1996, dealing with housing needs at Fallon Air Force Base. As you know, in last year's report, we asked for a fresh survey on housing needs at Fallon, in light of the many new functions and new commands that are being absorbed by the base. The letter shows the result of a shortage of needed homes even in light of a 67-home project for junior enlisted families in the fiscal year 1996 BRAC budget.

What would be needed in fiscal year 1997 beyond the budget that you have sent to the Congress to fully meet the shortfall?

Answer. After the construction of the 67-home BRAC family housing project, there will be a remaining shortfall of 8 homes at Naval Air Station, Fallon, Nevada. The Office of the Secretary of Defense policy permits the Military Departments to build up to 90 percent of their housing requirement. Fallon would need a 7-home project costing \$1.090 million to satisfy their housing shortfall.

Question. I understand the Navy will be the first to implement the proposed housing privatization initiative. Could you tell me more about this venture, its roadblocks, its successes?

Answer. In October 1994, the Navy was authorized by the Fiscal Year 1995 Authorization Act, Section 2803, (10 USC 2837) to enter into limited partnerships with private developers to encourage the construction of housing where a deficit of housing exists. The authority allows the Navy to invest 5-35 percent of the total development costs. In exchange for its investment, the Navy may enter into collateral incentive agreements to ensure that housing units are made available to Navy families on a preferential basis and at preferential rental rates. The Fiscal Year 1996 Defense Authorization Act expands this authority in terms of tools available to the Services to provide for the construction, revitalization, or replacement of housing. These tools include guarantees such as mortgage insurance and occupancy or rent guarantees; commitments such as leasing and subsidized payments; and investments such as limited partnerships and stock purchases.

The competitive process to select general partners to develop housing for Navy families began in April 1995 with a synopsis in the Commerce Business Daily. Partners were sought for development in two areas: Corpus Christi/Kingsville/Ingleside, Texas and Everett, Washington.

An industry forum was held in Alexandria, Virginia on 25 May 1995 to seek industry comment on the procurement process and the partnership structure. Approximately 200 persons attended.

The Request for Proposals (RFP) for Texas was released on 30 June 1995. The Everett, WA solicitation was released approximately three weeks later. Over 100

people attended a Pre-Proposal Conference held in Corpus Christi on 25 July 1995. Local TV and newspaper covered the event. A Pre-Proposal Conference was also held at the NAVSTA Everett Auditorium on 8 August 1995. Over 50 people attended this meeting.

We were anxious to simplify the procurement process to encourage private-sector interest. Since lengthy Requests for Proposals (RFP) had been criticized in the past by contractors, government specifications were deleted when drafting the limited partnership RFP. To our surprise, the industry requested a more detailed description of technical and cost criteria. We made the following changes to the RFP based on the input from the private sector:

- Incorporated standard industry terms and practices in the solicitation criteria.
- Streamlined the National Environmental Policy Act (NEPA) process from 9 months to 3 months.

—Set the preferred rental rate at E-5 with dependent.

As directed by the RFP, interested firms submitted Statement of Qualifications at the end of August. These statements were evaluated and qualified firms were invited to submit proposals by late October 1995. Technical and Price Evaluation Boards were formed to evaluate the proposals, including proposed housing sites. We are currently negotiating the final terms and conditions of the Limited Partnership Agreement with the selected partners.

A number of areas prompted some concern when initiating the limited partnership authority. Military construction projects fall under the scope of the Federal Acquisition Regulations (FAR). The extent to which FAR impacts the new housing initiatives is unknown. Scoring continues to be an issue. Input from private industry also revealed that federal statutes such as the NEPA and the Davis-Bacon Act are believed to diminish partnership profitability and rent discounts.

CHILD DEVELOPMENT CENTER, GALLEY, BEQ AT FALLOON NAVAL AIR STATION

Question. Mr. Pirie, last year's Conference Report earmarked \$1.4 million for the study, planning, design, architect and engineering services for a Child Development Center, galley, and BEQ at Fallon Naval Air Station.

Can you give me an update on the progress of these tasks?

Answer. The design process for those projects has recently been started by the Naval Facilities Engineering Command (NAVFAC).

The Navy's account for "Architectural and Engineering Services and Construction Design" (P&D) over the past few years has been impacted by an unusually high amount of unanticipated expenses and until savings were identified in other areas of the MCON budget, some design efforts for other than projects in the next budget year had to be deferred. The Fiscal Year 1996 Military Construction Act increased the Navy's P&D account by \$4,000,000 but that only partially offset the \$13,100,000 shortfall. We have recently submitted a request for reprogramming \$9,100,000 of MCON savings into the P&D account which, if approved, will permit the design efforts of both our fiscal year 1998 and 1999 projects and special interest projects to continue.

WATER QUALITY AT FALLOON

Question. Mr. Pirie, at Fallon Air Force Base, I understand that there is a growing concern over water quality. It appears to me that, with the new pressure that will be placed on water resources resulting from the introduction of new commands and functions at Fallon, that the water situation needs renewed attention.

What can you tell us about the water situation at Fallon and the Navy's plan to address the situation?

Answer. The United States Geological Survey (USGS) has proposed to study the water inflows, outflows and water quality characteristics of the Basalt aquifer, the primary potable water source for NAS Fallon, as well as the city of Fallon, Fallon Paiute-Shoshone Indian Tribe and numerous industrial users in the Fallon area. The USGS has indications that the aquifer levels are dropping, and the water quality is being degraded. The USGS proposal calls for a four year study, at a cost of over \$1.3 million.

The Navy has identified a \$175,000 environmental compliance project to fund the initial phase of the study. We expect other users of the Basalt Aquifer to contribute to this effort. A copy of the USGS proposal was provided to Mr. Jerry Reed, Military Liaison Director for Senator Reid.

UNEXPLODED ORDNANCE AT FALLOON

Question. Mr. Pirie, again at Fallon there exists a serious problem of unexploded ordnance. In last year's report we asked the Navy to estimate the amount of

unexploded ordnance there. How much would it take to undertake an adequate clean-up program? Is the technology now available to detect and remove the unexploded ordnance?

Answer. The problem with cleanup is two fold. First, prior to 1982 and the implementation of instrumentation, there were very poor records of what was dropped, where it landed and if it exploded. It is virtually impossible to make an accurate estimate of what is out there and where it's located. As a result, areas larger than those really required are considered contaminated to preserve the necessary margin of public safety. Monthly aerial (by helicopter) sweeps are conducted off the ranges for unexploded ordnance in keeping with a Memorandum of Understanding between the Navy and State of Nevada Land Management Department. These sweeps have been regularly conducted since December 1989. Second, recognizing that the technology to locate, identify and remove unexploded ordnance does not exist, those ranges are swept, on the average, monthly for one week (each range) and every effort is made to detonate in place ordnance found. The location of ordnance found during these sweeps is entered into a database.

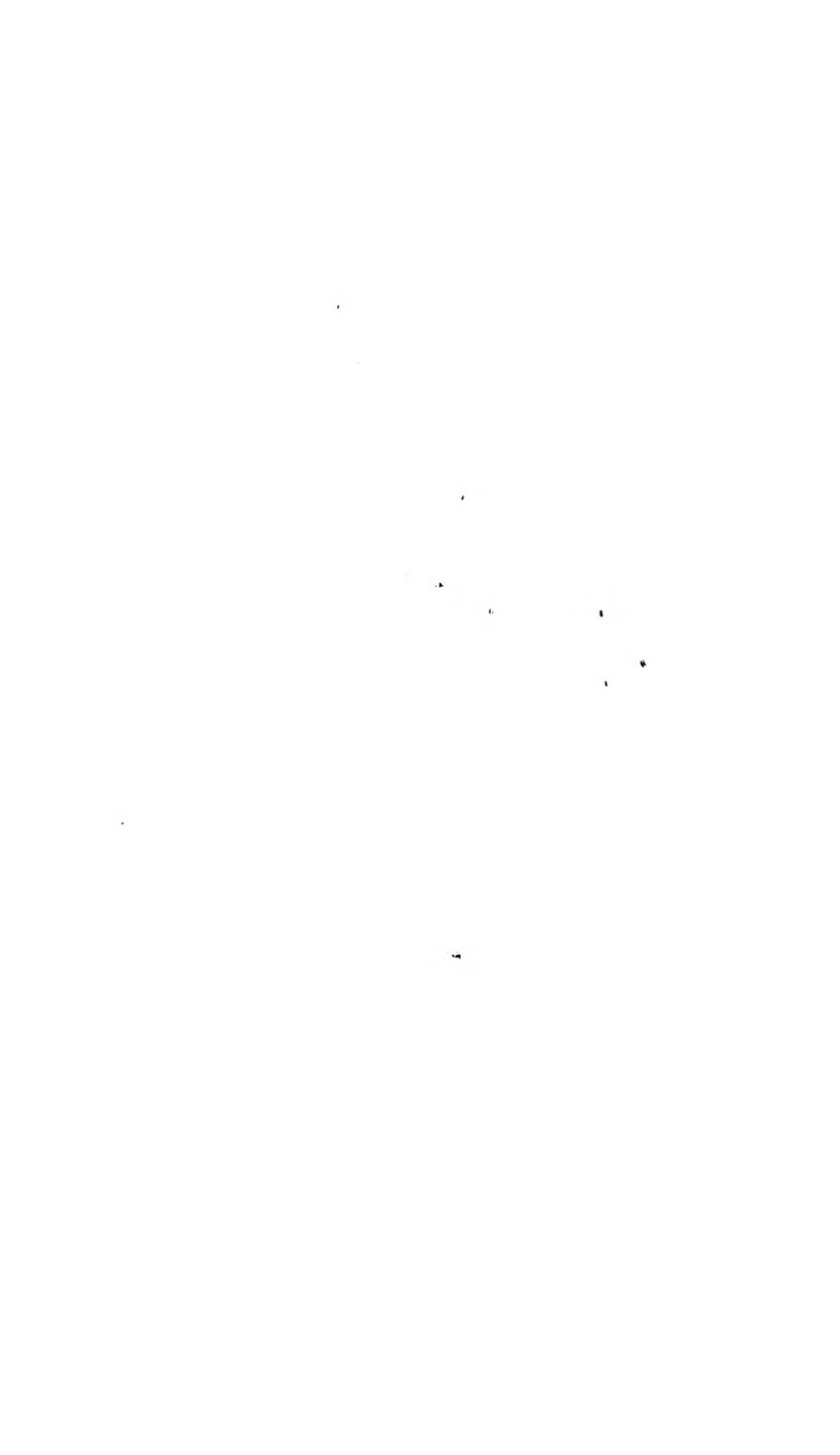
There will be a demonstration test of some new technology at Naval Air Station Fallon this summer which may help the Navy declare some contaminated areas safe, but removal will still continue to be a problem. Until such time as a new technology arrives, the Navy will continue to sweep for ordnance which migrates to the surface, remove it or destroy it in place.

SUBCOMMITTEE RECESS

Senator BURNS. Right now, I think, with that, if you have no more comments, we will stand in recess.

Thank you very much.

[Whereupon, at 10:45 a.m., Thursday, March 21, the subcommittee was recessed, to reconvene subject to the call of the Chair.]



MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1997

TUESDAY, APRIL 16, 1996

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 9:35 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding. Present: Senators Burns and Reid.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF HON. RODNEY A. COLEMAN, ASSISTANT SECRETARY
OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS, IN-
STALLATIONS, AND ENVIRONMENT**

ACCOMPANIED BY:

**MAJ. GEN. EUGENE A. LUPIA, AIR FORCE CIVIL ENGINEER
BRIG. GEN. JOHN A. BRADLEY, DEPUTY CHIEF, AIR FORCE RE-
SERVE
BRIG. GEN. PAUL A. WEAVER, DEPUTY DIRECTOR, AIR NATIONAL
GUARD**

OPENING STATEMENT OF HON. CONRAD BURNS

Senator BURNS. I will call the committee to order. For the record, Senator Reid is on his way down. This morning we will hear testimony on military construction, family housing, BRAC and Reserve programs for the Air Force and the military construction programs for the defense agencies.

I have an opening statement from Senator Campbell that I would like to place in the record at this time.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Mr. Chairman, I would like to welcome everyone and I appreciate that you all took the time to be here today. As we begin to examine this year's budget request and weigh our priorities and commitments against our need to balance the budget, we look to you to assist us during this process.

I know that all of our Armed Forces have been changing dramatically with the drawdowns by prioritizing and refocusing efforts in an attempt to be more fiscally responsible. Know that through this process, which is difficult at best, I feel what will emerge is a better trained, better equipped force.

I know that the Air Force has made the improvement of quality of life for military personnel one of its initiatives. I would like to recognize this effort and say that we all appreciate what you are trying to do for our soldiers.

Having served in the Armed Forces myself, I know how essential good training is to any soldier, but I think too, as you have mentioned in your submitted testimony, that the quality of life of our soldiers is a key component to any strong and capable armed force. I appreciate you all taking the time to testify for us here today and allow us the opportunity to learn from you, first hand, some of the issues you are grappling with.

Thank you Mr. Chairman.

Senator BURNS. First, we will hear from the Department of the Air Force. We are pleased this morning to hear from the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Environment, Rodney Coleman.

Mr. Secretary, it is nice to see you this morning. If I recall last year, we were concerned about your appendix.

Mr. COLEMAN. Yes, sir.

Senator BURNS. It is great to see you here with us this morning. I hope you are having a better year. At this time, I would ask you to introduce the gentleman that you have with you.

INTRODUCTION OF ASSOCIATES

Mr. COLEMAN. Thank you, sir. Mr. Chairman, with me today is Maj. Gen. Eugene A. Lupia, the Air Force Civil Engineer; Brig. Gen. John Bradley, the Deputy Chief of the Air Force Reserve; and Brig. Gen. Paul Weaver, the Deputy Director of the Air National Guard.

SUMMARY STATEMENT

We have submitted a more detailed statement for the record, but I would like to briefly touch on three major themes that underpin our \$1.79 billion Milcon submittal for the active duty Guard and Reserve and family housing programs.

Our first theme, Mr. Chairman, is efficiency. The Air Force, as you know, has undergone major reorganization with substantial force structure reductions and bases being closed. Although the declining defense budget gets a lot of credit, these changes are not just fiscally driven, but bring us to increased efficiencies to support the Air Force mission.

I stress this point, sir, because while most of the personnel downsizing and BRAC bases are behind us, we constantly seek further reductions to our physical plant in order to ensure that it efficiently supports our missions and Air Force structure. We will achieve this rightsizing of our bases through means like demolition, consolidation, divestiture, and privatization.

The network of installations that we do retain will be a lean one demanding that it also be very efficient. This increased efficiency will require sustained and prudent investment in order to arrest today's steady rate of facility and infrastructure degradation and in order to provide a dependable physical plant from which to support tomorrow's Air Force.

Two areas that require investment are overseas bases and base infrastructure. We deliberately refrained from investing in our overseas installations during the BRAC and force structure reductions. We now have a more stable overseas basing structure with six main operating bases in Europe and five bases in Korea and Japan. We must now prudently reinvest in our overseas installa-

tions. Though we are actively pursuing NATO funding, host-nation funding and payment-in-kind, the need is bigger than available burdensharing opportunities can satisfy.

We also need investment in the worn out infrastructure of our retained physical plant. This includes utility systems and roads that usually go unnoticed; but if they fail, they become urgent readiness and quality of life issues within themselves.

However, even our best stewardship of declining resources will not be enough. We must look at our facility requirements differently than in the past. This is why the Air Force was very supportive of the fiscal year 1996 authorization enabling us to pursue privatization of military housing. We are anxious to put this authority to use.

Furthermore, we are also excited about the opportunity we have to privatize other parts of our installation physical plant where it makes operational and economical sense. The other two themes account for large shares of our fiscal year 1997 budget request, and they are modernization and quality of life.

As the Air Force Chief of Staff has said many times and as you have said, the purpose of the Air Force is to fight and win our Nation's wars when called upon to do so. In order to do this, the Air Force is pursuing a balanced, affordable, time-phased program to modernize and realign weapon systems, to guarantee future relevancy in a constantly changing world.

We are developing, testing, and fielding new aircraft, satellites, and communication systems and realigning our aircraft to take better advantage of their capabilities. Our fiscal year 1997 budget request includes active duty Milcon, to support the C-17, F-22, Joint Stars, unmanned aerial vehicle, and space-based infrared system. As we rely even more on our Air National Guard and our Air Force Reserve forces, we have several Milcon requirements to support their increasing number of aircraft conversions.

Finally, the third theme I wish to mention is our people programs. While we believe our quality of life record speaks for itself, the Air Force leadership is pleased that with the support from the Secretary of Defense and the quality of life task force's efforts quality of life programs are rightfully receiving their day in court. Though the Air Force is turning up the spotlight on our modernization programs, we remain committed to sustained emphasis on quality of life.

In the dormitory area, privacy remains the No. 1 concern among our unaccompanied airmen. Currently, 80 percent of Air Force dorms are configured for two people to each room and four per bathroom. The other 20 percent are worse, with many of these dorms still having central gang latrines. The Air Force is committed to provide private sleeping room to every permanent party airman that we house.

We have developed a three-part program to help us meet the new one plus one dormitory construction standard. Our immediate investment is in those permanent party dorms still in the gang latrine configuration. The Air Force goal is to eliminate these dormitories by the year 2000. Then we will build to the deficit where it exists. We will then renovate or replace the existing two plus two dormitories as they reach the end of their expected life.

I would like to thank you for the \$46 million in Milcon and the \$100 million in O&M that you gave us in the fiscal year 1996 budget for our dormitories. We have already awarded contracts for more than 95 percent of the \$100 million in O&M dormitory funds.

The Air Force leadership feels that family housing is one of our most important areas. Eighty-six percent of the new and revitalized homes in our fiscal year 1997 budget request for family housing are for enlisted families.

Although our family housing investment program has with strong congressional support been sustained over the years, the average age of our family housing inventory is now 33 years, and over 60,000 of our 114,000 housing units do not measure up to our standards today.

We must maintain our major improvement and replacement programs. The current funding stream will not get the job done, Mr. Chairman for at least 24 years. We are very hopeful that the fiscal year 1996 authorization of the military housing privatization initiative will enable us to accelerate needed improvements in replacement of our existing family housing inventory.

Use of this authority will help us stretch appropriated funds with private capital and satisfy much more of our housing needs. We ask for your continued strong support for our current investment level, so we have sufficient capital to leverage in an accelerated fix of our housing program.

In conclusion, Mr. Chairman, I want to thank the committee for its strong past support of our Milcon program and the benefits this has provided to the Air Force in readiness, retention, recruiting, training, and quality performance of our personnel.

The Air Force relies on its bases not simply as places for people to work and live, but they are our platform for projecting U.S. air power, and are thus a crucial foundation for Air Force readiness. I am firmly committed to maintaining the quality of Air Force installations through quality stewardship to ensure the U.S. Air Force remains the world's most respected air and space force.

PREPARED STATEMENT

I thank you, Mr. Chairman, and we would be most happy to respond to any questions that you and the committee members may have.

[The statement follows:]

PREPARED STATEMENT OF HON. RODNEY A. COLEMAN

INTRODUCTION

Mr. Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 1997 military construction program. With me today is Major General Eugene A. Lupia, the Air Force Civil Engineer; Brigadier General John A. Bradley, Deputy Chief of the Air Force Reserve; and Brigadier General Paul A. Weaver, Deputy Director of the Air National Guard.

OVERVIEW

As you know Mr. Chairman, because of a declining defense budget and changes in the threat, the Air Force has undergone major reorganization combined with substantial reductions in its force structure and a significant amount of base closures. Nevertheless, as beneficial as both continental U.S. and overseas base realignments

and closures have been, the Air Force is continuing to focus on reducing our physical plant in order to ensure it efficiently supports Air Force missions and force structure. We are pursuing this "rightsizing" of the Air Force physical plant using a variety of means which include demolition, consolidation, divestiture and privatization.

The Air Force network of installations that we do retain will be a lean one, demanding that it also be very efficient. This increased efficiency will require sustained and prudent investment in order to arrest today's steady rate of facility and infrastructure deterioration and in order to provide a dependable physical plant from which to support tomorrow's Air Force.

- It will require investment in the facility requirements supporting the critical new missions and weapon system modernization programs the Air Force is pursuing to guarantee future relevancy.
- It will require continued investment in the facility programs which provide a sound quality of life for Air Force people—our most important resource.
- It will require reinvestment in the few remaining overseas bases, which even after host-nation burdensharing have numerous facility needs critical to Air Force global reach and global power.
- And it will require investment in the worn out infrastructure of our retained physical plant, to include utility systems and roads, that usually go unnoticed until they fail and become readiness and quality of life issues themselves.

However, even our best stewardship of declining resources will not be enough. The Air Force recognizes that we must look at our installations' facility requirements differently than in the past. This is why the Air Force was very supportive of the fiscal year 1996 legislation enabling us to pursue privatization of military housing. We're anxious to put this authority to use. Furthermore, we're also excited about the potential opportunities to privatize other parts of our installation physical plant where it makes sense.

Mr. Chairman, we are cognizant that the Air Force could not maintain the quality of any of our facilities and the advantages they provide without the strong support we have always received from this committee, for which we are most grateful.

With this background, Mr. Chairman, I would like to proceed now to discuss the major program areas of our Milcon budget request. I will review the active force program—including military family housing, the Air National Guard program, and the Air Force Reserve program. Finally, I will address the Air Force part of the Department of Defense budget request for the base realignment and closure accounts.

AIR FORCE MILITARY CONSTRUCTION BUDGET

The total Air Force military construction budget request for fiscal year 1997 is \$1.79 billion. This request includes \$1.66 billion for the active duty military construction (\$603 million for traditional Milcon and \$1.060 billion for military family housing), \$75.4 million for the Air National Guard Milcon, and \$51.7 million for the Air Force Reserve Milcon.

ACTIVE DUTY AIR FORCE MILITARY CONSTRUCTION PROGRAM

The active Air Force's fiscal year 1997 military construction and family housing programs were developed using a facility investment strategy with the following objectives: support new mission and weapon system beddowns; take care of what we own; continue to improve quality of life; reinvest overseas; and continue investment in environmental programs.

Program overview

The active duty Air Force military construction request for fiscal year 1997 totals \$1.66 billion. Included in this figure is \$603 million for traditional Milcon projects and \$1.060 billion for military family housing (MFH). This compares to a fiscal year 1996 request of \$1.593 billion, which included \$495 million for Milcon and \$1.098 billion for MFH.

New mission: Provide timely support to new mission and weapon system beddowns

The Air Force is ever evolving; modernizing and realigning weapon systems to guarantee future relevancy in an ever changing world. We are developing, testing and fielding new aircraft, satellites, and communications systems. We are realigning our aircraft to take better advantage of their capabilities. Military construction is needed to support these programs, which include the C-17, F-22, Joint STARS, unmanned aerial vehicle, and space based infrared system.

C-17.—The C-17 aircraft will replace the aging C-141. In November 1995, the decision was announced that the Air Force would buy a total of 120 C-17's. At that time, McChord Air Force Base, Washington, was announced as the second oper-

ational base for the aircraft. We had already identified Charleston Air Force Base, South Carolina, as the first operational base and Altus Air Force Base, Oklahoma, as the C-17 training base. Prior year projects at Charleston Air Force Base total \$73.9 million and at Altus Air Force Base, \$83 million. The fiscal year 1997 program is for four projects at Charleston Air Force Base totaling \$29.3 million and eight projects at McChord Air Force Base totaling \$51.8 million.

F-22 advanced tactical fighter.—The project at Edwards Air Force Base, California, for \$4.4 million is an alteration of an aircraft maintenance facility to support the engineering and manufacturing development (EMD) phase of the F-22 program. The first F-22 EMD aircraft is scheduled for delivery in fiscal year 1996. This project only supports the development phase of the F-22.

Joint STARS.—we are requesting \$19 million for four projects at Robins Air Force Base, Georgia, to provide facilities needed for beddown of the Joint STARS aircraft. Robins Air Force Base is the single main operating base for the 19 primary assigned aircraft. Prior year Milcon to support Joint STARS at Robins Air Force Base totals \$73.4 million. Future Milcon requirements at Robins Air Force Base totals \$25.6 million. There are two forward operating locations, one in Europe at RAF Fairford, United Kingdom, and one in the Pacific, at Kadena Air Base, Japan. These will require minimal operations, maintenance, and support facilities.

Unmanned aerial vehicle (UAV) beddown.—The high altitude endurance unmanned aerial vehicle is needed to provide commanders the flexibility to acquire near-real time reconnaissance at extended ranges and durations in all-weather, day/night, wide area surveillance in active threat environments and in emerging crisis areas in support of military operations. After demonstration of two of the systems, residual UAV's will be distributed among the services. Our 1997 Milcon project supports five to ten aircraft at Indian Springs Air Force Field, Nevada. The \$4.7 million project provides a squadron operations/aircraft maintenance unit/hangar/training facility.

Space based infrared system (SBIRS).—The goal of the SBIRS program is to consolidate all space based infrared systems into one integrated architecture. SBIRS replaces the existing defense support program providing early warning and assessment. The SBIRS will consist of a mission control station and two unmanned relay ground stations. It will consolidate the defense support program functional capability at the mission control station and enable us to close down two manned overseas ground stations. The mission control station will be located at Buckley Air National Guard Base, Colorado, and the two unmanned relay stations will be located in Australia and Europe. The \$14 million Milcon project in fiscal year 1997 will construct the mission control station operations facility at Buckley.

Current mission: Take care of what we own

“Taking care of what we own” is the basic aim of our current mission Milcon. These projects support existing missions on our installations, by repairing and replacing worn out facilities and infrastructure. During the BRAC process, we deliberately delayed funding for most of the current mission Milcon while we awaited the final closure decisions. Now that the BRAC process is behind us, we need to relook at our remaining installations and assess their infrastructure and facility needs. In the commanders’ facility assessment, our installation commanders are charged with evaluating their facilities in terms of their ability to support the mission and quantify the cost to restore them to full mission readiness.

In order to effectively use available resources to care for what we own, we continue to look for opportunities to consolidate functions in retained facilities and demolish excess, uneconomical facilities. Consolidating functions where possible and practical and demolishing old, uneconomical facilities helps reduce infrastructure operations and maintenance (O&M) costs. Our fiscal year 1997 Milcon program has several consolidation projects with associated demolition of the old facility. To help with demolition of facilities not tied to a Milcon project, we dedicated \$40 million of the fiscal year 1996 \$151 million O&M congressional plus-up to demolition. Our major commands are adding another \$17 million for a total of \$57 million against an \$83 million fiscal year 1996 demolition requirement.

Our fiscal year 1997 current mission Milcon takes care of some of our existing infrastructure. The non-quality of life current mission program totals \$144 million. The program consists of utility projects and renovation projects for: aircraft hangars, several fire stations, squadron operations facilities, control towers, support facilities, a security police operations facility, a logistics warehouse, a base operations facility, a combat arms training facility, an aircraft maintenance facility and an engineering and research facility. These projects replace or upgrade existing facilities rated unsatisfactory by the installation commanders.

Quality of life

The Department of the Air Force continues to place great emphasis on supporting our most valuable assets—the men and women of the Air Force team—through the Secretary's "people first" initiative, which includes providing quality facilities for our people to live and work in. During these times of downsizing and realignment, it is important that we maintain a reasonable quality of life for our service members and their families. An adequate standard of living is a major contributor in retaining our most capable people, which in turn impacts readiness. In the facilities arena our quality of life efforts focus on improving unaccompanied and family living quarters and upgrading the community support environment.

Privacy remains the number one concern among our airmen in unaccompanied personnel housing. Currently 80 percent of the Air Force dormitory inventory is configured for two people to each room and four to each bathroom for the first four enlisted grades. Twenty percent of our dorms are worse, with many of these still having central gang latrines.

The Air Force is committed to provide at least a private sleeping room to every permanent party airman we house. The Air Force led in development of the new Department of Defense dormitory standard of private sleeping rooms (with a bathroom shared by two residents), popularly known as the "1+1." We developed a three-part program to help us meet the new standard. Our immediate investment will be those permanent party dormitories still in the gang latrine configuration. The Air Force goal is to eliminate these dormitories by 2000. Next, we need to build to the deficit where it exists. We will then renovate or replace the existing "2+2" dormitories as they reach the end of their expected life. This is an ambitious program but one to which the Air Force leadership is committed. I'd like to thank you for the \$46 million in Milcon and the \$100 million in O&M you gave us in the fiscal year 1996 program for our dormitories. We have already awarded contracts for over 95 percent of the \$100 million in O&M dormitory funds.

Our fiscal year 1997 quality of life Milcon request includes 15 permanent party dormitory projects valued at \$111 million. We have one \$2 million child development center, providing 118 spaces, to add to the \$130 million we've invested in 50 child care center projects since 1990. Our fiscal year 1997 budget also includes two visiting quarters and one student pilot quarters for \$11 million, two dining hall projects for \$8 million, and a \$2 million addition/alteration to a physical fitness center. I will discuss family housing quality of life requirements later in this statement.

Overseas Milcon

The Air Force overseas basing and force structure is more stable after years of base closures and major force reductions. In Europe, we now have six main operating bases; two in Germany, one in Italy, two in England and one in Turkey. In the Pacific, we have two bases in Korea and three in Japan. During the recent period of closures and force structure reductions, we deliberately refrained from investing in our overseas installations. Now that things are more stable, we must prudently reinvest in our overseas installations. We are actively pursuing NATO funding, host nation funding and payment-in-kind; however, the need is bigger than available burdensharing opportunities can satisfy.

Our 1997 program for our European and Pacific installations is \$60 million. The program consists of a dormitory at Osan Air Base, Korea to help satisfy a deficit; F-15E beddown support at RAF Lakenheath, England; four dormitory projects to replace central latrine dorms at RAF Lakenheath and RAF Mildenhall, England, and Ramstein Air Base, Germany; two utility projects and a consolidated support center at Aviano Air Base, Italy; fire stations at RAF Croughton, England, and Spangdahlem Air Base, Germany; and a physical fitness center, base operations, and transient dormitory at Incirlik Air Base, Turkey. On all European projects, we are sending a precautionary prefinancing statement to the NATO infrastructure committees. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

Environmental Milcon

As responsible stewards of the environment, we have the obligation to ensure our operations meet all environmental regulations and laws from toxic waste cleanup to protection of natural and cultural resources. We will continue to foster an environmental ethic to sustain readiness, be a good neighbor and leverage our resources. To that end, we are partnering with state and federal regulators as well as local communities. This close relationship helps us establish schedules for cleanup commensurate with funding levels, respond to community environmental concerns, preserve natural and cultural resources, and still maintain a high level of operational readiness. This is important not just for our present but for our future.

Our environmental compliance Milcon request for fiscal year 1997 totals \$32 million for ten projects. Our program focuses on environmental projects for wastewater and stormwater collection and treatment systems, emission control facilities, underground storage tanks, and landfill closures.

These projects were developed to satisfy two categories of requirements. The first category responds to level-I requirements, referring to facilities currently out of compliance with environmental laws or regulations, including those which are the subject of a compliance agreement. The second category is level-II, projects necessary to meet a future compliance deadline, but where fiscal year 1998 funding would be too late. An example of a level-II project is the need to upgrade underground storage tanks to new standards by 1998.

Unspecified minor construction (P-341 funds)

We have requested \$9 million in fiscal year 1997 for unspecified minor construction funds (P-341), which provide the Air Force with its primary means of responding to small, unforeseen Milcon requirements—a critical need in the dynamics of the Air Force today. The rapid rate of change taking place in the Air Force is putting a strain on this account. From fiscal year 1990 through 1995, a total of \$11.9 million was reprogrammed into the account to fund urgent requirements. The fiscal year 1996 funds are fully committed and we may need to reprogram funds in fiscal year 1996 also to keep up with unforeseen requirements.

Planning and design

Our request for fiscal year 1997 planning and design is \$43 million. These funds are required to complete design of the fiscal year 1998 construction program and to start design of our fiscal year 1999 projects.

MILITARY FAMILY HOUSING

As in years past, the Air Force leadership considers military family housing to be one of its most important programs. We are convinced that no other facility program so greatly influences the performance and commitment of our people as much as having quality homes for their families. Maintaining the quality of our family housing program is even more important in this era of overseas reductions, domestic base closures, major force reductions, and increased operating tempo demands. Because these factors are so disruptive to military families it is imperative that we provide them the security and quality of life they are entitled to for their family living quarters.

Due in large part to strong congressional support, our military family housing investment program has been sustained during recent times of uncertainty due to BRAC and force structure changes. Nevertheless, the average age of our family housing inventory is 33 years, and over 60,000 of our current 114,000 housing units do not measure up to contemporary standards. While we must definitely continue our major improvement and replacement programs, the current funding stream won't get the job done for at least 24 years.

We are very hopeful that the fiscal year 1996 authorization of the military housing privatization initiative will enable us to accelerate needed improvements and replacement of our existing family housing inventory. Use of this authority will help us stretch appropriated funds with private capital and satisfy much more of our housing needs. We ask for your continued strong support for our current investment level so we have sufficient capital to leverage into an accelerated fix of our housing problem.

Our fiscal year 1997 budget request for family housing includes a limited number of new homes, replacement of old houses, improvements to our existing housing inventory, and operation and maintenance funds to properly manage our inventory of homes. Eighty-six percent of these new and revitalized homes are for enlisted families.

Housing improvements

The Air Force "whole house" improvement program has been extremely successful—improving over 19,000 homes since 1988. Under this concept, we upgrade older homes to contemporary standards—updating worn-out bathrooms and kitchens, replacing obsolete utility and structural systems, providing additional living space as permitted by law, and at the same time, accomplishing all required maintenance and repair. The result is a very cost effective investment that extends the life of these houses 25 years. In addition, the "whole neighborhood" program provides recreation areas, landscaping, playgrounds and utility support systems to give us attractive and functional living environments.

Our fiscal year 1997 improvement request is \$88 million. This amount revitalizes 905 homes at 18 bases, improves one housing support facility and accomplishes two neighborhood improvements.

New construction

We are requesting \$133 million for fiscal year 1997 projects at 15 Conus bases that will construct 69 new houses, replace 738 existing houses, and replace five housing support facilities. This request also includes one housing fire station.

We have only planned new family housing units for Eglin Airfield #9, Florida (1 unit), and Whiteman Air Force Base, Missouri (68 houses). The 738 replacement units will take the place of existing homes that are no longer economical to improve.

And we are requesting funds to replace five badly deteriorated and uneconomical-to-operate family housing management offices and maintenance facilities. It is important to provide good quality facilities where Air Force housing specialists can assist our families in their off-base housing search and home maintenance needs.

Operations, utilities and maintenance

Our fiscal year 1997 request for family housing operations, utilities and maintenance is \$721 million. These funds are necessary to operate and maintain the 111,000 homes remaining in the fiscal year 1997 Air Force inventory, representing a replacement value exceeding \$12 billion. Approximately 80 percent of this requested funding represents the Air Force's obligation as homeowners for items such as utilities, refuse collection, and routine maintenance. The remaining 20 percent is applied to major maintenance contracts that fix the deteriorating infrastructure, such as repairs to electrical distribution systems, streets and roofs.

Leasing

We have requested \$108 million for leasing both domestic and overseas houses. Our fiscal year 1997 military family housing budget request reflects our commitment to put "people first" and to provide quality homes for our families. We ask for the support of the committee in approving the full request for our military family housing program.

AIR NATIONAL GUARD MILITARY CONSTRUCTION

The Air National Guard is a fully integrated element of the total Air Force, and has been a full partner in the Air Force mission for a long time. The Air Force is reemphasizing a policy of using Guard and Air Reserve forces whenever and wherever it makes good sense. Air National Guard personnel operate side-by-side with their active duty counterparts in all theaters of operation as part of a true "total force" team. The Air Guard remains a cost effective, community-based defense force trained and equipped to rapidly and skillfully respond to the needs of our country, our states and our local communities. The volunteer spirit of our Air Guard women and men reflects the finest tradition, history and culture of the militia.

Program overview

Included in the Department of the Air Force Milcon budget request, the Air National Guard program for fiscal year 1997 totals \$75.4 million, including \$63.6 million for military construction, \$4.1 million for unspecified minor construction and \$7.7 million for planning and design. This will support the readiness of Air Guard units and continue the modification of facilities to support our new aircraft inventory. It will also ensure compliance with environmental laws and regulations. The fiscal year 1997 request is approximately 88 percent of our request for fiscal year 1996 and 44 percent of the fiscal year 1996 authorization. It addresses only our most urgent needs, as identified and prioritized by our commanders' facility assessment.

New mission

As the Air Force downsizes and retires old weapons systems, we are transferring an increasing number of different missions to the Air National Guard. The fiscal year 1997 new mission Milcon request supports this continuing trend, and at \$52 million comprises 69 percent of the Air Guard program.

This new mission budget request includes projects for the B-1 beddown at Robins Air Force Base, Georgia; C-130 conversions at Reno, Nevada, and Boise, Idaho; a C-130 beddown at Peoria, Illinois; a C-5 simulator facility at Stewart International Airport, New York; and a munitions complex at Kirtland Air Force Base, New Mexico.

Environmental compliance

The Air Guard requests \$10.1 million for environmental projects at eight locations. These projects will bring heating and air conditioning systems into compliance with environmental regulations and provide de-icing and sanitary sewer line improvements. They support our goal to cleanup the Air Guard bases, keep them clean and comply with federal, state and environmental laws. Since 1992, the notices of violation for the 175 Air Guard operating locations have decreased by 78 percent. This dramatic drop is the direct result of strong leadership, command emphasis and committee support. Our staff continues to work closely with other federal, state and local environmental agencies to resolve the open issues, with our goal of eliminating notices of violation now within reach.

Current mission

The Air Guard 1997 request contains only 3 projects for \$1.5 million in this important category of facility requirements. We were unable to devote a larger share of the budget request primarily due to constrained budgets and the many critical new mission requirements we must support. The fiscal year 1997 projects support Guard quality of life in the work place and facility modernization.

Unspecified minor construction

We are requesting \$4.1 million for this very important program on which we depend to satisfy urgent and unforeseen requirements that cannot wait for the fiscal year 1998 budget. The large majority of these projects are in direct support of the many aircraft conversion and modernization requirements.

Planning and design

Our 1997 budget request for \$7.7 million will allow us to complete the design for those projects planned for inclusion in the 1998 and 1999 budget requests.

AIR FORCE RESERVE MILITARY CONSTRUCTION

The Air Force Reserve has emerged from a turbulent period of reorganizations, force structure reductions, and constrained budgets with an increased role in national defense, and a net gain of Reserve installations. Our 78,000 reservists now work and train at 62 locations. The Air Force Reserve is host at 12 major installations and tenant at 50 locations, mostly on active Air Force bases.

Program overview

In spite of the growing demands of new and changing missions, we feel our 1997 Reserve military construction budget request of \$51.7 million represents a sound facility investment strategy. This long-range strategy prioritizes our Reserve Milcon into four categories:

- Our first priority is to comply with environmental laws and regulations.
- Our second priority is to beddown new missions and support force structure realignments.
- Our third priority, a subdivision of current mission Milcon, is to improve the quality of life of our personnel by providing them with adequate training, working, and lodging facilities.
- Our fourth and final priority, and the remaining portion of current mission Milcon investment, is to provide efficient and reliable facilities infrastructure at our bases.

Our \$51.7 million fiscal year 1997 Milcon budget request includes \$41.4 million for major construction projects in 10 states, \$4.3 million for unspecified minor construction, and \$5.9 million in planning and design. Our fiscal year 1997 request has an even breakout of 5 environmental compliance projects, 5 new mission projects, and 5 current mission projects. This request compares with a fiscal year 1996 request of \$27 million and is a 42 percent increase over our fiscal year 1996 appropriation of \$36.5 million due to an increase in new mission support requirements.

Environmental compliance

The top facility priority in our fiscal year 1997 program is to satisfy our level I environmental compliance requirements. Three of our environmental projects will provide environmentally safe fire-fighter training facilities. The remaining two environmental projects will provide clean deicing operations and bring a storm drainage system into compliance.

New mission

Having ensured environmental compliance, we then concentrate on new mission requirements. In fiscal year 1997, we have two projects that support additional C-130's at Youngstown Air Reserve Station, Ohio. We also have two projects at Tinker

Air Force Base, Oklahoma that will support the aircraft conversion from fighters to KC-135 tankers and the creation of a new associate AWACS operation. The last new mission project supports a conversion to KC-135's at Selfridge Air National Guard Base, Michigan.

Current mission

Finally, we will concentrate on our current mission requirements. Although we currently lack sufficient fiscal year 1997 budget resources to improve the facilities infrastructure of our bases, all five current mission projects improve the quality of life of our personnel by providing adequate working and training facilities. In fiscal year 1997, we will be building three medical training facilities, building one composite maintenance facility, and upgrading one existing communications facility.

Unspecified minor construction

The Air Force Reserve request for unspecified minor construction is \$4.3 million in fiscal year 1997. As in the case of the active duty Air Force and the Air National Guard, this authority provides the Reserve with its primary means of responding to small unforeseen Milcon requirements. The rapid rate of aircraft conversions places extraordinary demands on this account. To respond to these and other changes, we need the strong support of this committee for this request.

Planning and design

Our planning and design request for fiscal year 1997 is \$5.9 million. These funds are required to complete design for the fiscal year 1998 Milcon program, achieve 65 percent design completion for our fiscal year 1999 program, and fully design all late-to-need 1997 new mission Milcon projects.

BASE CLOSURE ACCOUNTS

The Air Force requirements included in the Department of Defense fiscal year 1997 budget request for the base closure accounts are designed to support the President's five-part program by continuing to close bases as quickly and efficiently as possible while making properties available to communities for economic reinvestment at the earliest opportunity. As part of the defense budget, the Air Force request reflects a thorough review of all remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints of the Defense Department. The Air Force has significantly improved execution of the BRAC program, effectively eliminating the unobligated balances of past years.

As a result of these initiatives, we budgeted \$249.5 million for the BRAC 1991 account, \$125.4 million for BRAC 1993 and \$209.7 million to meet fiscal year 1997 requirements for BRAC 1995. Of these three fiscal year 1997 budget amounts, \$172.7 million support fiscal year 1997 military construction and family housing construction requirements at realigned bases. This amount completes the construction programs for BRAC 91 and BRAC 93, and fully funds fiscal year 1997 construction requirements for BRAC 95.

The Department of the Air Force continues to be committed to timely, thorough environmental restoration and smooth transition of closing bases to civilian uses as soon as possible. In addition to turning over closure bases for reuse, we continue the realignment beddown process at remaining installations to ensure base closure does not disrupt our operational requirements nor the quality of life issues affecting our force structure. We need and appreciate the assistance of this committee in order to continue to fully support these objectives.

CONCLUSION

In conclusion, Mr. Chairman, I want to thank the committee for its strong past support of the Air Force military construction program and the benefits this has provided to the Air Force in readiness, retention, recruiting, training and quality performance of our personnel.

The fiscal year 1997 Air Force military construction submission is a reasonable though lean installment on the cost of ownership of a shrinking but deteriorating Air Force plant. The Air Force, more than any other service relies on its bases not simply as a place for people to work and live, but they are our platform for projecting U.S. air power, and are thus a crucial foundation for Air Force readiness. I'm firmly committed to maintaining the quality of Air Force installations to ensure the U.S. Air Force remains the world's most respected air and space force.

Thank you Mr. Chairman and members of the committee. My colleagues and I will be happy to address any questions you may have at this time.

Senator BURNS. Thank you, Secretary Coleman, for your statement. We have been joined now by the ranking member of this committee and he has many, many hours on the committee. I would ask, Senator Reid, do you have an opening statement?

Senator REID. Yes; I appreciate very much, Mr. Chairman, recognizing I have another hearing I have to go to if you would just allow me just a few minutes to direct some questions to Mr. Coleman?

Senator BURNS. You bet.

AIR RESERVE AND AIR NATIONAL GUARD BUDGETS

Senator REID. With all due respect, Mr. Coleman, I think we are being invited again to rewrite the budget. The request for Guard and Reserve programs, for example, is totally inadequate, Air Guard as an example. Last year we appropriated \$171 million. The request for this year is a little over \$75 million. Again, we are going to have to take a close look at protecting our Guard and Reserve programs.

I think I can speak for the chairman. We were hopeful last year that when we appropriated about \$500 million, \$475 million more than what was requested, that this would not happen again. Ours was the first bill to be signed. The President was wise in signing it. However, we are being asked every year, in effect, to rewrite the budget because you give basically nothing to the Guard and Reserve programs.

I would also say, and these are your words, the "people program." I have trouble accepting that when the only increase in this budget is for NATO. It does not seem to have much attention given to things that I believe are important, that deal with people programs.

NATO infrastructure is 29 percent over last year's allowance, yet the request for family housing have gone down by about the same amount of money, in fact even more, a reduction of 20 percent.

We, in effect, gut the American National Guard and Reserve programs, severely reduce family housing construction and maintenance, while we add money to construction in Europe. It does not seem very fair to me. Would you comment on that?

Mr. COLEMAN. Well, sir, I would be more than happy to go into the specifics for the record and submit to you a detailed response to that question on the Guard and Reserve and will respond to you. We have submitted an overall increase of \$84 million, which is a 5-percent increase over last year's budget.

Senator REID. For what?

Mr. COLEMAN. For the overall Milcon program. We had \$1.706 billion last year and we are now at \$1.79 billion.

[The information follows:]

MILCON BUDGET

While we were able to increase the fiscal year 1997 Air Force Reserve MILCON request by 91 percent compared to our fiscal year 1996 request, the fiscal year 1997 Air National Guard request is unfortunately 12 percent smaller than our fiscal year 1996 request due to overall budget constraints and higher priority needs of the total Air Force.

With regard to family housing construction and maintenance, the fiscal year 1997 budget request is only 3 percent less than our fiscal year 1996 request. This slight

reduction is consistent with the 3 percent total reduction in number of housing units in our inventory from fiscal year 1996 to fiscal year 1997.

In overseas construction, the Air Force deliberately reduced its investment in overseas bases due to instability caused by base closures and major force reductions. Now we have settled on six main bases in Europe and five in Japan and Korea. With this new stability, we are now prudently reinvesting in our remaining overseas installations. We continue to pursue NATO and host nation funding as well as payment-in-kind opportunities; however, the need is greater than available burden-sharing can satisfy.

We carefully review all of our MILCON requirements—Active, Guard and Reserve—to support our forces' greatest needs within available funds.

NATO MILCON FUNDING

Senator REID. Yes; my point is most of it goes to NATO, and NATO gets the only increase, everything else is cut.

Mr. COLEMAN. Well, if we look at the NATO funding of our needs in NATO, what we have to go through, and I would ask General Lupia if he wanted to add to this, of how NATO works on that funding to get support from the other nations in NATO for whatever we need. We have a large deficit in NATO funding to the tune—I do not have that chart with me right now. You may have it, General. We are very, very deficient in NATO funding. We have to plus up to protect what we have over in NATO.

Do you have any specifics on it?

NATO MILCON PROJECTS

General LUPIA. Sir, this year's program we have \$50 million of construction over on the European side and only \$10 million on the other. As a matter of fact the only project in the Pacific, let's put that aside first, is for a dormitory. It does contribute directly to the quality of life of our people.

On the European side, of the facilities that are in the program, many of them are also people-related facilities, dormitories, fire stations, a fitness center in Turkey, upgrading some utility systems that the Secretary mentioned in his opening statement. Some of those projects are, in fact, prefinanced, and we hope to be reimbursed at a later time by NATO.

Our military construction program itself for the last 6 years has invested almost nothing in Europe, and that is because we have been going through some very tough decisions on force structure and where to cut down on missions.

As the Secretary has mentioned, we have decided on six bases: two in Germany, two in the United Kingdom, one in Italy, and one in Turkey. Now we feel that it is time to go back and reinvest so that our people living overseas, and those who are doing the job on the flight line overseas, have a comparable level of facilities to those in the United States.

That is why you do see the increase in the overseas budget to a total in this year's budget of \$60 million. I emphasize again that a very large percentage of that is for people things.

MILCON HOUSING

Senator REID. I appreciate that. The fact is, though, that it is difficult for us here at home to sell that when we have requests for Guard and Reserve, Air Guard's Milcon request is 56 percent less than the amount appropriated last year. All these people things

seem not to affect the people here that are serving on American soil. I understand your explanation.

I would just say one other thing before I use my time that the chairman so graciously extended to me. I have been to hearings, meetings at the Pentagon. The Secretary of Defense attended those talking about quality of life, especially as it relates to housing. I understand this is a concern. However, I am not sure we are doing much more than just talking about it.

You take Nellis Air Force Base as an example. I am really concerned about the housing there. I have been there and I have seen the mold and mildew and those old cinderblock homes that were constructed 50 years ago or more. This housing needs to be replaced. One reason I mentioned Nellis is because I am personally familiar with that. I am sure there are other places like that.

I have two concerns that we are going to talk about—quality of life, people programs as you said, Mr. Secretary, then we should make sure it extends into people that are serving in this country. Second, we have to do something about the Guard.

This puts an obligation on Senator Burns and I. We go out and we are going to appropriate more money for the Guard because it has a tremendous constituency. People throughout the country are represented by their Senators, and they come to us saying, "Look, my Guard program, you are not giving me anything for this."

We will have to put more money in that program. Then when it comes on the floor we will be criticized. "You appropriated more money than the Pentagon asked for."

Well, this has happened traditionally. It has been going on long before Burns and I took over this little subcommittee. I guess for lack of a better word, I do not think it is fair because you know we are going to give more money for the Guard and Reserve programs. You know that.

Mr. COLEMAN. May I play the conductor here for a minute. General Weaver wanted to say something with regard to the Reserve component question.

Paul, did you have a response on the Guard?

General WEAVER. Sir, I am a little bit between the rock and the hard place here. We in the Guard really, really appreciate the support that you give us. It means a lot to us. It means a lot to our people operating the 89 installations within the United States. This committee has done a lot to ensure the quality of life for our people. It has been very good in the past.

I know we get criticized sometimes for the add ons that you good people give to us, but I can say since 1990 the adds for the Air National Guard have been \$745 million. Now, if you looked at that overall, that would seem that we could get criticized. However, in that same period of time, we were cut \$782 million as well.

When you tell the whole story, we do rely a lot upon congressional support for that. Also, within the Air Force budget, it is difficult to see some of the challenges that they are having with the quality of life and the budgetary problems and not feel some of the pinch ourselves.

Truly we do rely upon you. These are tough times, and we are trying to stay within those budgetary requirements during these

tough times as well. Again, Senator, we really appreciate your working with us.

PREPARED STATEMENT OF SENATOR REID

Senator BURNS. Well, if the Senator would yield here?

Senator REID. Yes; I am through.

[The statement follows:]

PREPARED STATEMENT OF SENATOR HARRY REID

Thank you Mr. Chairman. Thank you for arranging for this early hearing on our Air Force Military Construction Program and Defense Agencies Construction Programs. This is going to be a short year, and again, I look forward to working with you, Mr. Chairman in much the same fashion as we worked so successfully together last year. As you recall, we were able to mark-up and report our bill out, get it through the Senate and conference and to the President's desk early in the process. Ours was the first appropriations bill he signed and only one of only two that made the fiscal year deadline on October first. And even though we added some \$497 million to the request, the President wisely signed it. It was overwhelmingly supported in the Senate, much of that due to your excellent work in putting it together. I hope that we can repeat that performance this year.

Mr. Chairman, judging from the President's budget request, it looks like we are being invited to rewrite the budget as submitted. The request for our Guard and Reserve program is totally inadequate and in some categories a complete joke. For the Air Guard, we appropriated \$171 million last year. The request for fiscal year 1997 is for little more than \$75 million. So again, the administration must expect us to add to the budget to fund it appropriately. And I have no doubt that we will, together, do just that. We admonished the Administration last year not to repeat this budget performance for the Guard and Reserves, but it has done just that. The overall request for the Guard and Reserve is less than half the amount we appropriated for fiscal year 1996. In order to match last year's amount, we would have to add nearly \$250 million to the budget.

Second, Mr. Chairman, I have looked through this budget and I have found that the only category which actually experiences an increase over last year is for NATO Infrastructure. The request is some 29 percent over last year's amount. Some \$208 million. On the other hand, the budget request for Family Housing (Air Force) has gone down from \$298 million last year to a request for \$231 million, a reduction of some 20 percent. In addition, O&M Air Force for Family Housing has gone down from \$1.14 billion to \$829 million, again a reduction of nearly 28 percent. These are radical reductions. I question whether or not an appropriate Quality of Life can be maintained in the long run with these kinds of reductions. What is wrong with this picture? We gut the American National Guard and Reserve, and severely reduce Family housing construction and maintenance, while we plus up the amounts for allied construction in Europe. I thought the Cold War is over.

Having said all this, Mr. Chairman, I warmly greet the Honorable Rodney A. Coleman, Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Environment. He has been most helpful to this committee in the past. I know that he is concerned about the budget problems that I have just cited, and I know that whatever can be done to correct them, he will do so.

So, without anything further, I welcome Secretary Coleman back before us, and look forward to your testimony.

BUDGET ADD ONS

Senator BURNS. It does put us between a rock and a hard place, because the majority of those add ons are done on the floor, and they are hard to sell sometimes, you know. I do not know why we cannot budget just like we do everything else, have a line budget. You know basically what your needs are going to be. Why we cannot do that, sort of just zero them out and let the political situation take care of it.

Senator REID. Senator Burns, I think the political situation has taken care of it. I do not think that these people are the ones that cause the problems. I think it is down the road a ways.

BRAC REPROGRAMMING

Senator BURNS. I have a couple of questions. This year we wrote into our report that any changes in the appropriated BRAC process must be approved by the four appropriate committees. On January 4, Dr. Hamre sent over a reprogramming letter requesting 34 changes to the Air Force 1996 BRAC program.

Now, it is apparent to me that the Air Force has not decided what would be funded within the account at the time, at the time it was submitted to Congress. I have delayed this request until I can understand why there were 34 changes. I am concerned that the Air Force does not take this congressional review process seriously.

Why should we approve really this reprogramming when we have no confidence if they know what they are going to do or says they are going to do anyway? What can you do to assure me that these future requests will realistically portray the needs of the Air Force? I am really concerned about these requests here. Last year, some were approved and some were not. You hate to take this to the appropriators too.

Mr. COLEMAN. All of those projects, which are \$76.9 million, the ones in the Air Force that you are speaking of, are vitally needed to account for what the BRAC directed to go to those bases that you are well aware of. We must execute these in order to maintain the readiness of the force pursuant to what BRAC did to us.

We have had some released thanks to you, but we need them all released in order to go on and get these projects done so we can maintain our steady state of readiness. If you want to add to that, General?

General LUPIA. Sir, 1 year ago I was one of the major command engineers in the field, fighting very hard for BRAC money to bed-down weapon systems with construction projects. There was far more to do than there was money to do it.

My predecessor and Mr. Secretary, were forced to make a very tough decision about 1 year or so ago as to whether or not to spend the remaining money in the BRAC account for that construction or to pay some environmental cleanup bills in order to get clean up going at the bases that had closed in earlier rounds, so that we could get those bases turned over.

They made the decision to spend the money on the environmental side. As a result of that, we found ourselves moving 19 of those projects that are in front of you from what would have been the 1995 construction program to the 1996 construction program. With the change in the law that you just mentioned, we, therefore, had to report those projects to you.

They all along had been in the program. I can assure you that the ones that I was involved in as the Air Mobility Command civil engineer had been designed, had been ready to go to market, but we couldn't take them to market because there was not enough money. That accounts for 19 of those projects.

There are another three that I am happy to say are on that list because we had greater than a 25-percent cost reduction, and, therefore, that caused a variation and we had to bring them to you for approval. The remaining 12 projects on the list are, in fact,

changes in the program because of restructuring or additional projects that showed up as requirements.

My guess would be that Colonel Callaghan, who is here from the Base Closure Office, Base Transition actually rather than closure, has details on each of those 12 projects, if you would like to have any of that. However, the majority, 22 out of those 34, I believe are before you for just lack of money in the budget and some cost reductions.

ANTIDEFICIENCY VIOLATIONS

Senator BURNS. Well, I think Air Force was the only service that we had this problem with. Those reports were not made to those four committees, though, and they really should have been. That is what we are sort of concerned with when we start approving these things.

Recently, in a span of less than 1 month, we received notices of two antideficiency violations committed by the Air Force. At the Air Force Center for Environmental Excellence at Brooks Air Force Base in Texas, BRAC funds were expended on a cost plus fixed fee contract for environmental restoration projects at closing installations in the amount of \$56.3 million. This was done without securing the approval of the Secretary of Defense.

The second violation occurred at Oklahoma City at the Air Logistics Center at Tinker Air Force Base in Oklahoma. Funding exceeding the statutory limitations for the industrial fund facility was used to construct a radar range facility.

Mr. Secretary, I am sort of concerned that the \$56.3 million was expended on six separate contracts, yet no one was aware of the violations. I am just asking how can there be no one responsible. Who is watching the hen house here?

Mr. COLEMAN. I am watching the hen house, sir, but I was unaware of this until it came to my desk. We are looking vigorously into not only these two instances but more in taking steps to prevent them ever happening again. I can only assure you that we are on top of all things like this. I would be glad to make a detailed report to you for the record after I get more details on it.

ANTIDEFICIENCY REPORT

Senator BURNS. I would suggest that report should be made to the committee on that. I think we have come out with a directive that we had on those antideficiency violations. I would certainly like to find out if we have anybody that is accountable, and to make sure that we put some safeguards in place where that does not happen again.

General LUPIA. Senator, I can provide you some detail on the Tinker one. As a result of a thorough investigation by the Air Force, we had a misclassification of work, some minor construction which at the time, in 1988, was supposed to be below the \$200,000 threshold. When the auditors finished looking, they considered that almost 600,000 dollars' worth of work was done.

As a result of that, a colonel in the Air Force received a letter of admonishment and retired, and a fairly high-ranking civilian received a letter of reprimand and also retired. I think on the part of the Air Force we did due diligence in terms of a very thorough

investigation, and then hid nothing from you in terms of bringing the facts to you on the violations.

Senator BURNS. Well, that is important and, General, we appreciate that. However, the report to the committee, I think it should be in the record of the committee that this has been taken care of.

General LUPIA. Yes, sir.

FLOOD CONTROL PROJECTS

Senator BURNS. Major flood control projects have been requested at McClellan Air Force Base?

Mr. COLEMAN. Yes, sir, for \$9 million.

Senator BURNS. Yes; are we still closing McClellan?

Mr. COLEMAN. Yes; we are.

Senator BURNS. Tell me about this flood control?

Mr. COLEMAN. Yes, sir; that was a preexisting condition at the base. It does not meet the BRAC funding requirements in order for that project to go on. It is a flood control project that without it the surrounding community and the base face significant flood risk from two creeks that flow through the base. It has been reviewed by the Army Corps of Engineers and they suggest that if it is not corrected that a 100-year flood event, which as you know we have to plan for things even that are prospective.

Senator BURNS. I do not plan to be here.

Mr. COLEMAN. I understand that, sir. Good engineering principles say that you must be concerned about them. As a responsible steward of the environment, we must address an issue like that. Therefore, the storm drainage system at the base must be sized to take care of what is in the future. This project is clearly within the bounds of funding through Milcon and not through the BRAC.

MC CLELLAN AIR FORCE BASE CLOSURE TIMETABLE

Senator BURNS. Mr. Secretary, what is the timetable on closing McClellan?

Mr. COLEMAN. McClellan, well, by 2001 we hope to have privatization-in-place [PIP] in place. The rest of the base, we will be working as we get near the date for privatization to take place, what is going to happen to the rest of the base we will be working in concert with PIP.

Senator BURNS. No timetable has been set up?

Mr. COLEMAN. Not as yet. Hopefully, it can go in synch with PIP, but right now all of our assets are devoted to taking care of this PIP effort that we so vitally need.

BARRACKS STANDARDS

Senator BURNS. We may have to take a look at that. Barrack standards, you mentioned that in your opening statement. Did you want to elaborate on that, on the direction that you are going to take?

Mr. COLEMAN. Sure. I will, but I will let General Lupia who is going to implement it. The one plus one, we are a strong, strong advocate of one plus one. We want those rooms to have space and the members of the Air Force to have private rooms, to share the bath. We want the square foot area increased from 90 to 118 per

person. This has a direct relationship, in our view, on readiness of the force and retaining that strong work force that we have.

General?

General LUPIA. Senator, we have a three-phase plan to take care of dormitories in our Air Force, and I really wish I could have said some of this while Senator Reid was here, to prove to you our commitment to people and to where they live. Let me go back and say we have a total of 875 buildings, dormitories where our young airmen live. Of those 875, we have 173 that are still in a gang latrine configuration.

Thanks to the help of the Congress with \$180 million in appropriations in the Milcon last year and another \$100 million we got in the O&M program, we have bought out that 173-dormitory requirement down to 50 that are left unfunded in which only 3,000 of our airmen live.

We are committed to bring to you in the 1998 and 1999 program the 200 million dollars' worth of requirement that is left to buy out those 50 dormitories, so that by the turn of the century no airman in the Air Force will live in a gang latrine dormitory.

The second phase of the program has to do with the deficit, that is, where we do not have enough bed spaces on our bases for airmen to live and where they are living downtown paying a little too much money out of their pocket. The Chief of Staff just approved a decision that was made that said we will build dormitories on our Air Force bases for all E-1's through E-4's, and that E-5's and above would find a place to live downtown.

We are in the process of going from air base to air base right now with a contractor to determine where those deficits are, and to build a plan that would then allow us, after we bought out the gang latrine portion of our program, to buy out our deficits.

The final part of our plan, the third part of our plan, is to go back to that 1983 standard that allowed us to construct dormitories with two airmen, the bath, and two airmen, four airmen sharing a bathroom, and begin to convert those buildings to the one plus one configuration so that by the year 2010, maybe 2015 at the latest, every airman in the Air Force would be living in a private room.

JSTARS LOCATION

Senator BURNS. That is fine. Last year, we talked about JSTARS. We said that Great Britain and Georgia it was determined, I think, where we were going to bed those down and then in an undetermined location in the Pacific. Have we decided on our Pacific location?

General LUPIA. Yes, sir; the main operating base for the JSTARS will be at Robins Air Force Base in Georgia. On the European side, it will be at Fairford. We are spending only O&M money to put that mission into Fairford. On the Pacific side, the mission will go into Kadena, and again we will do that only with O&M money. There will be no Milcon request, other than the Milcon at Robins.

Senator BURNS. Other than Robins?

General LUPIA. Yes, sir.

Senator BURNS. OK. Now, will that be in this year's? Was that in this year's request?

Mr. COLEMAN. Yes.

General LUPIA. There is some in this year's request. When it goes out, the smallest part of it, I think the last \$4 million is in 1999. There will be some this year, some next, and then a very small piece in 1999.

Senator BURNS. OK. I guess that is about all I have. I just have some concerns about the reprogramming of those projects and the antideficiency violations.

Mr. COLEMAN. We will get that report to you, sir.

Senator BURNS. I think you owe that to the committee. I think that should be made a part of the record. If you could reply to the committee on those, that would be fine; and if we have to have another visit later on, well, we can do that.

Mr. COLEMAN. It will be our pleasure.

[The information follows:]

ANTIDEFICIENCY VIOLATIONS

In August 1995 the Air Force reported the results of an Antideficiency Act (ADA) investigation performed at the Air Force Center for Environmental Excellence, Brooks Air Force Base, Texas. An ADA violation in the amount of \$56,316,398 occurred as a result of payments having been made under the general provisions of the Military Construction Appropriation Act without the required approval.

This case involved the use of cost-plus-fixed-fee contracts for the excavation of underground storage tanks. Because of the uncertainties involving the removal of underground storage tanks, contracts for this type of work have been awarded in the past on a cost-plus-fixed-fee basis. At installations not being closed or realigned these contracts would have been funded with money appropriated by the annual Department of Defense Appropriations Act.

In this case, the work was necessary and the use of cost-plus-fixed-fee contracts was appropriate. Because the installations involved were approved for closure, the contracts were funded from the Base Realignment and Closure (BRAC) Account. Funds in this account are appropriated by the Military Construction Appropriations Act, not the Department of Defense (DOD) Appropriations Act. A recurring general provision in the Military Construction Appropriations Act, Section 101, prohibited expending funds appropriated by that Act in excess of \$25,000 under a cost-plus-fixed-fee contract without the prior approval of the Secretary of Defense. This provision had been enacted every year since 1959 without change and clearly was never intended to apply to environmental restoration contracts at closing installations.

Until the Air Force raised the issue in 1994, no one had considered whether this provision, which was intended to apply to construction projects, might also restrict expenditures from the BRAC account for environmental restoration. This was because the DOD Appropriations Act did not restrict the use of cost-plus-fixed-fee contracts for similar work at non-closure installations. The Air Force General Counsel's office concluded that while the restriction in the Military Construction Appropriations Act was not intended to apply to environmental restoration and pre-dated the BRAC process by nearly 30 years, it restricted all funds appropriated by the Act, including those in the BRAC account. The Office of the Secretary of Defense General Counsel's office concurred. The restriction had not been complied with because the approval of the Secretary of Defense had not been obtained before the BRAC funds in question were expended. Expenditures that are contrary to statutory restrictions are considered to be violations of the Antideficiency Act.

An immediate result of the Air Force's investigation was the delegation of the Secretary of Defense's approval authority to the Secretaries of the Military Departments to ensure the continuation of necessary environmental restoration projects. The Air Force also drafted legislation to clarify that the restriction in the Military Construction Appropriations Act on cost-plus-fixed-fee contracts would not apply to BRAC funded environmental restoration. These amendments were enacted in the Fiscal Year 1996 Military Construction Appropriations Act.

This violation did not result from the failure of any employee to carry out his or her duties. It resulted from the unintended application of a 1959 provision to the BRAC process. It was not possible to name individuals responsible for this violation without considering every individual who had any involvement with BRAC environmental restoration projects since the BRAC process began in 1988. Nor would it

have been equitable to have singled out for possible adverse action the individuals who identified the problem and proposed solutions that were eventually enacted. For these reasons, no responsible persons were named and no disciplinary action was taken.

An ADA violation also resulted from work done on Building 3761 at Tinker Air Force Base, OK. The existing 8,000 square foot building was essentially torn down to some structural steel members; a new floor poured; a new building constructed around the structural steel; and approximately 1,800 square feet added. Upon completion of construction the building was used to house a Radar Range Facility in support of the B-1 aircraft program.

This violation involves the misclassification of construction costs. Specifically, the violation occurred because the entire Building 3761 project should have been classified as a minor construction project instead of a combination of minor construction, equipment, and maintenance and repair with each element priced and contracted for separately. Since the cost of that portion of the work classified as minor construction was \$199,093, and below the \$200,000 limit for minor construction, it was paid for with Industrial Fund Facility funds. In addition, the equipment and the repair elements of the project were also paid for with Industrial Fund Facility funds.

If all the project elements had been properly classified as part of a minor construction project, the total cost would have been \$574,542. Since this amount was in excess of the \$200,000 limit for minor construction, the project should have been classified as unspecified minor construction (P341) and paid for with military construction appropriations. Since no military construction funds were available for this project, a violation resulted.

The Report of Investigation did not find that the violation was knowingly or willfully committed. There was no evidence that anyone gained personally from the violation. Two individuals were determined to be responsible for the violation. One individual received a letter of admonishment while the second individual received a letter of reprimand.

The Air Force is in the process of obtaining military construction funds to (1) properly fund the Radar Range facility, and (2) reimburse the Industrial Fund Facility funds. To prevent a recurrence, the Oklahoma City Air Logistics Center now requires that all requests for maintenance, repair and construction be submitted to a central office—the Technology and Industrial Support Directorate—for all Depot Maintenance Business Area related work. All requests, regardless of amount, are reviewed by the Deputy Base Civil Engineer, and an Industrial Board has been created to prioritize and fund such projects.

Senator BURNS. My place or yours, whatever, and we will go through that. I think that is all I have. I have another note that I wrote to myself, and I do not know what I did with it. We asked something about asbestos removal, but I do not think that is important right now on some of these in the BRAC. We can talk about that later on.

I have to go over to the Commerce Committee just for about 15 minutes because we all have conflicts like you cannot believe. This is our first day back, and our minds are still at home, if you know what I mean. Maybe we should leave them at home. [Laughter.]

If we have any other questions, you can reply to me and the committee. We would certainly appreciate that.

Mr. COLEMAN. OK. Thank you.

Senator BURNS. Thank you. Thank you for coming, Mr. Secretary.

Mr. COLEMAN. Yes, sir.

Senator BURNS. By the way, your full statement will be made part of the record. We appreciate that.

Mr. COLEMAN. Very good.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. I am just going to call a recess to the hearing for about 15 minutes, and I am going to run over to the Commerce Committee for just a little bit, and then we will take the second

one, if that is OK with my second panel, with the defense agency. Is that fine? We will recess for about 15 or 20 minutes.

Thank you very much.

Mr. COLEMAN. Thank you, Senator.

[A brief recess was taken.]

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

ASBESTOS REMOVAL

Question. Each year the Air Force funds a significant number of asbestos removal projects. The danger to humans is known. But now we hear that only one certain type of asbestos is considered dangerous. What is the Department's position on asbestos removal?

Answer. Asbestos is a general term used to describe six distinct varieties of fibrous mineral silicates which are all considered potentially hazardous to human health when finely divided particles are airborne and meet the criteria of fibrous asbestos which is a particulate form of asbestos, 5 micrometers or longer, with a length-to-diameter ratio of at least 3 to 1. Air Force policy for asbestos management is established in Air Force Instruction (AFI) 32-1052, Facility Asbestos Management. Under AFI 32-1052, bulk analyses of suspect asbestos containing materials are conducted as part of a required facility evaluation. These analyses determine whether the suspect material is an asbestosiform or non-asbestosiform mineral material, and thereby provide information required to determine the presence of regulated "asbestos" and the potential for an asbestos hazard. The Air Force position on asbestos removal requires that bases remove damaged asbestos containing material that is likely to release fibers if such material cannot be reliably maintained, repaired, or isolated in-place.

Question. Does the Air Force have special removal standards for all asbestos or only certain types?

Answer. The Air Force has a single removal standard for all asbestos containing materials that pose health or environmental hazards. The key term in this standard is "asbestos containing materials." Both OSHA and the EPA define asbestos containing materials as materials containing more than 1 percent asbestos. Prior to conducting an "asbestos removal," the Air Force verifies through bulk sampling and analysis that the suspect asbestos containing material actually meets this definition.

Question. Is the Department executing this requirement in the most cost effective manner?

Answer. The Air Force manages asbestos containing materials in the most cost effective manner. AFI 32-1052 provides the foundation for cost-effective asbestos management through a three-step process of evaluating asbestos in facilities. First, the AFI requires that the installation commander issue mandates for asbestos removal when a verified asbestos hazard exists and the material cannot be reliably maintained, repaired, or isolated in-place. The installation commander issues "must remove" mandates with advice from Bioenvironmental Engineering Services and the Base Civil Engineer based on direct evaluation of the facility. Second, when removal is not mandated by the commander, AFI 32-1052 requires an evaluation of risk to facility occupants, use of facility, feasibility of repair, and cost-effectiveness when deciding whether to remove or repair damaged friable asbestos containing materials. Finally, AFI 32-1052 specifies that, when safety and budgetary considerations permit, complete removal of asbestos containing material should be included in planning for operations and maintenance and military construction projects.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHORSE CAMPBELL

LOWRY AIR FORCE BASE

Question. Mr. Secretary, in the last few years, Lowry Air Force Base was closed under the BRAC initiative. Those that chose to lease that property through the Local Reuse Authority, after Lowry's closure, had difficulty actually obtaining a lease for the land because the property was contaminated, and by law, the Air Force still had the responsibility for the cleanup. As a result, the Air Force was not allowed to release the land to the organization and my office worked extensively with

the Air Force, BRAC, the LRA, and Belle Bonfils blood center, that wanted to lease property and to work out securing an allowable lease. I'd like to confirm that the cleanup efforts are progressing. Can you report on the status of the cleanup?

Answer. The difficulty at the former Lowry Air Force Base (AFB), Colorado was not in obtaining a lease for the land or facility, but rather in issuing a deed or a lease in furtherance of conveyance. A deed cannot be issued until all environmental concerns have been remediated or remediation is in place and operating to the satisfaction of the U.S. Environmental Protection Agency (EPA). Although Leases in Furtherance of Conveyance can be issued where the land and facilities have been requested as a Public Benefit Conveyance through the sponsoring Federal Agency, the Department of Health and Human Services (HHS) has been reluctant to accept such a lease. Recipients of land and facilities, who intend to invest great sums of money into these facilities, have requested long-term leases to secure financing and to ensure their investments are protected. In the case of the Belle Bonfils Memorial Blood Center, the Air Force has issued a lease for up to ten years, with the provision the lease would be canceled when the property was environmentally ready to transfer to the sponsoring Federal Agency. This was acceptable to the Lessee. The cleanup on the former Lowry AFB is progressing in a very satisfactory manner, although the Parcel of land designated for Belle Bonfils Memorial Blood Center is not yet ready for transfer to HHS.

Question. Also, I wanted to verify that we have a process in place now that enables both the Air Force to maintain its commitment for cleanup, while being able to lease out those parcels of land deemed "clean" so that others do not have the same difficulty which Lowry experienced. Can you comment on this?

Answer. The ability of the Air Force to lease parcels of land deemed "clean" from an environmental perspective currently exists. This includes properties where no evidence of past contamination exists, as well as properties which may have had past contamination, but have been cleaned up and require "no further action" on the part of the Air Force. The Air Force also has the ability to lease properties in various stages of environmental cleanup activity as long as these properties pose no threat to human health. This is accomplished at contaminated sites by placing the appropriate restrictions in leases which eliminate the potential for exposure to environmental hazards. At these sites, leases also allow for Air Force access to property to accomplish cleanups. This is being accomplished at many BRAC sites currently, including Lowry, and allows for community reuse prior to site cleanup.

DEFENSE AGENCIES

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

STATEMENT OF MAJ. GEN. GEORGE K. ANDERSON, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR HEALTH SERVICES OPERATIONS AND READINESS

PREPARED STATEMENT

Senator BURNS. Thank you very much, General Anderson, for this little delay. I appreciate that very much, very serious concerns we had there. We have not only you, but we have Bruce Carnes and Fred Baillie here. If memory serves me right, this is a second appearance for just about all of you except Mr. Baillie. I think you are the new one on board this year. You are just as new as I am.

Mr. BAILLIE. I am glad to be here, sir.

Senator BURNS. We will work our way through this. General Anderson, I would turn it over to you. If you want to, all the statements will be made a full part of the record. We would like to hear from you first.

General ANDERSON. Thank you, sir. Thank you, Mr. Chairman.

I am Maj. Gen. George K. Anderson, Deputy Assistant Secretary of Defense for Health Services Operations and Readiness. I do have a written statement and would like to submit that for the record and open with some brief remarks.

[The statement follows:]

PREPARED STATEMENT OF MAJ. GEN. GEORGE K. ANDERSON

Mr. Chairman and Members of the Subcommittee, I am Major General George K. Anderson, Deputy Assistant Secretary of Defense (Health Affairs) for Health Services Operations and Readiness. On behalf of Dr. Stephen Joseph, the Assistant Secretary of Defense for Health Affairs, thank you for the opportunity to present the Department of Defense's Amended Fiscal Year 1997 Medical Military Construction Program budget request. I would like to address the composition of our fiscal year 1997 program.

Fiscal year 1997 contains a request for fourteen projects and Unspecified Minor Construction at an appropriation request of \$332,642,000. Three are replacement projects that have prior authorization for which we are requesting the final funding increments. The projects are hospital replacements at Fort Bragg, North Carolina, Portsmouth Naval Hospital, Norfolk, Virginia and the Walter Reed Army Institute of Research in Forest Glen, Maryland.

The replacement facility for Fort Bragg, North Carolina, was fully authorized in fiscal year 1993 at a total cost of \$250,000,000. This project will provide a new, permanent medical center with 318-beds, outpatient clinics, and all ancillary medical/dental services. The amount of \$89,000,000 will complete the Fort Bragg, North Carolina hospital replacement. Congress has appropriated \$120,000,000 to date for this project which is conjunctively funded with \$41 million BRAC funds.

The request for Portsmouth Naval Hospital, Norfolk, Virginia provides the eighth and final increment. The authorization for this project was originally obtained in fiscal year 1990 for \$330,000,000. To date, we have received appropriations totaling \$292,400,000. These funds have been utilized for dredging, demolition, construction of interim facilities, relocation of a set of historical quarters, utilities, and installa-

tion and construction of several support facilities including a parking structure and a clinical investigation facility and a major portion of the acute care facility. We are seeking \$24,000,000 to complete the 363 bed acute care facility and extensive renovation of two administrative and support buildings which will serve the largest active duty beneficiary population in the Navy.

The last previously phased project is the Walter Reed Army Institute of Research (WRAIR) for which we seek the fourth and final funding increment of \$92,000,000. We received total authorization for this project of \$147,300,000 in fiscal year 1993. The WRAIR is currently housed in 28 military and leased commercial buildings and trailers in various locations including the Walter Reed Army Medical Center in Washington, D.C., Forest Glen, Rockville, and Bethesda, Maryland. This facility will support the national defense mission to limit the adverse effects of disease, injury and stress on our ability to work, train and fight worldwide. Navy infectious disease research and development programs and assets will be incorporated into this facility and will comprise approximately 10 percent of the new building occupancy. Congress has appropriated \$55,300,000 to date for this project.

A hospital replacement is required at Lemoore Naval Air Station, California at a total cost of \$38,000,000. The existing facility was built over 35 years ago as a station hospital. Patient care areas are undersized and dysfunctional. Accreditation by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) is in jeopardy due to safety infractions that exist throughout the facility. These include: cracked and uneven floors (as a result of expansive soil conditions and earthquake activity), life safety violations, insufficient corridor widths and deficient door types. We request the full appropriation for this project.

Congress authorized and appropriated \$10,000,000 in fiscal year 1996 to initiate construction of a \$35,000,000 Ambulatory Health Care Center at Maxwell Air Force Base, Alabama. We seek funding in the amount of \$25,000,000 this year for completion of this project which will consolidate various out patient clinics and administrative functions. Currently these functions are located in 12 buildings on base, 10 of which are 1941 vintage cantonment-type structures scheduled for demolition funded under Phase I. The project cost is based on parametric cost estimating in lieu of conventional 35 percent design.

We request \$22,100,000 for two life safety upgrade projects at Andrews Air Force Base, Maryland and Fort Bliss, Texas. Each of these projects seek to eliminate life safety deficiencies and comply with national life safety and fire codes and Joint Commission on Accreditation of Healthcare Organization standards by providing work such as smoke and fire compartmentalization, sprinklering of buildings and adding horizontal exits to dead-end corridors. The Andrews Air Force Base hospital requires \$15,500,000 and Fort Bliss hospital needs \$6,600,000.

The Departments of Defense and Veterans Affairs have been working closely together to develop joint ventures in construction. To date, projects at the following locations are underway or are being developed: Anchorage, Alaska; El Paso, Texas; Fairfield, California; Honolulu, Hawaii; Lawton, Oklahoma; and Spokane, Washington. The fiscal year 1997 program seeks funds for one more project.

The Naval Air Station, Key West, Florida, requests a medical/dental clinic replacement which is conjunctively funded with the Department of Veterans Affairs. We are requesting \$13,600,000 and the Department of Veterans Affairs is requesting \$1,600,000 in appropriation. Currently, medical care at Naval Air Station Key West, is provided at two sites. A dependent duty clinic is located on the old hospital site while an active duty medical/dental clinic is at Boca Chica. This project replaces a 1942 vintage facility that has deteriorated and is consuming a disproportionate share of operation and maintenance funds. The facility has many structural deficiencies, is substandard and has been declared unsafe.

Four additional clinics are included in our fiscal year 1997 budget request. A Branch medical clinic is required at Camp Pendleton (Edson Range), California at a cost of \$3,300,000. A six fold increase in patient workload due to centralization of small arms training on the west coast at Camp Pendleton, cannot be accommodated in the current facility.

A clinic is sought for the Smoke Bomb Hill portion of Fort Bragg, North Carolina which would serve the active duty soldiers assigned to XVIII Airborne Corps Artillery, Signal and Engineer units, as well as the United States Army Special Operations Command (USASOC), and the family members of these soldiers. This clinic will replace the current clinic which is located in four separate, dysfunctional and disbursed buildings averaging 23 years old. We ask \$11,400,000 for this clinic.

A social work services clinic is sought for Fort Hood, Texas. This clinic will offer private counseling sessions with individuals and families and group discussions which are of a very personal and sensitive nature. The delivery of these types of services has not been possible in the current temporary modular leased facilities

that this clinic will replace. We ask \$1,950,000 for this facility. This will be a design-build contract. The design effort will not start until the project is authorized and appropriated.

Our last clinic is a medical/dental clinic required at ASU Bahrain at a cost of \$4,600,000. Patient care is severely compromised here. Medical personnel currently treat eligible beneficiaries in a 2,900 square foot (269 square meter) temporary portable/relocatable building. Dental facilities consist of a single, portable dental unit.

Funds are requested for a combined facility to provide War Reserve Materiel (WRM) storage and office/laboratory space for Bioenvironmental Engineering (BEE) at Charleston Air Force Base, South Carolina. The building which currently houses the non-temperature sensitive medical supplies is scheduled for demolition in 1997. Leased facilities will be required until this facility is constructed. The facility which houses the BEE has environmental control problems, asbestos contamination, extensive deterioration of both construction and finishes, and is not located in the immediate vicinity of the base clinic. We ask \$1,300,000 for this readiness facility. This project will also be a design-build contract.

An environmental preventive medicine unit addition at Norfolk Naval Air Station, Virginia is required to provide specialized technical services, consultation, advice, and recommendations in preventive medicine to a broad geographic area and field units of the operating forces on the east coast of the United States and Europe including Iceland. We ask \$1,250,000 for this facility.

Unspecified Minor Construction

In addition to our specific line item projects, we are requesting \$5,142,000 for Unspecified Minor Construction in fiscal year 1997. These funds are used to respond to quick-turnaround, urgent projects costing less than \$1,500,000 each, which arise during the year and that cannot wait until the next available program year for funding.

Candidates for these funds are carefully screened to ensure prudent management. Upon enactment of the 1996 Defense Bill the ceiling was raised to \$3,000,000 per project for projects that solely correct a life-, health-, or safety-threatening deficiency.

CONCLUSION

This concludes my overview statement of the fiscal year 1997 medical military construction budget request. This program stands as a testament to our commitment to provide quality medical care to the men and women of the Armed Forces and to maintain our medical readiness. I thank you for the opportunity to present our budget and I welcome your questions on any aspect of the budget before you now.

General ANDERSON. Mr. Chairman, on behalf of Dr. Stephen Joseph, the Assistant Secretary of Defense for Health Affairs, I thank you for the opportunity to present the Department of Defense's amended fiscal year 1997 Medical Military Construction Program budget request.

I would like to address the composition of our fiscal year 1997 program. Our fiscal year 1997 request contains 14 projects and unspecified minor construction and an appropriation request of \$332,642,000. I would like to provide a few details on these projects.

We seek the final funding for three projects. The amount of \$89 million will complete the Fort Bragg hospital replacement. Congress has appropriated \$120 million to date for this project. The amount of \$92 million will complete the Army Institute of Research at the Forest Glen section of Walter Reed Army Medical Center.

Congress has appropriated \$55.3 million to date for this project. The last previously phased project is at the Portsmouth Naval Hospital for which we are requesting \$24 million to complete. Congress has appropriated \$292.4 million to date for this project.

A hospital replacement project is required at Lemoore Naval Air Station at a cost of \$38 million to replace a facility that is over 35 years old. The current facility is dysfunctional and has safety in-

fractions that include: cracked and uneven floors, which is as a result of expansive soil conditions and earthquake activity; life safety violations; insufficient corridor widths; and deficient door types.

Congress authorized and appropriated \$10 million in fiscal 1996 to initiate construction of a \$35 million ambulatory health care center at Maxwell Air Force Base. We seek funding in the amount of \$25 million this year for completion of this project, which will consolidate various outpatient clinics and administrative functions.

Currently, these functions are located in 12 buildings on base, 10 of which are 1941 vintage cantonment-type structures scheduled for demolition in the phase I of the project. The project cost is based on parametric cost estimating in lieu of the 35 percent design.

The Naval Air Station, Key West, requests a medical/dental clinic replacement which is conjunctively funded with the Veterans' Administration or Veterans Affairs Department. The total authorization requested is \$15,200,000 with the Department of Defense requesting \$13,600,000 and the Department of Veterans Affairs requesting \$1,600,000 in appropriation.

The project replaces a 1942 vintage facility that has deteriorated and is consuming a disproportionate share of operation and maintenance funds. The facility has many structural deficiencies, is sub-standard, and has been declared unsafe.

We request funds for two life safety upgrade projects in fiscal year 1997: the Andrews Air Force Base hospital requires \$15,500,000 and Fort Bliss hospital needs \$6,600,000 to correct National Fire Protection Association life safety codes and accreditation standards for the Joint Commission on Accreditation of Health Care Organizations.

Four additional clinics are included in the fiscal year 1997 budget request: a branch medical clinic at Camp Pendleton, Edson Range, at a cost of \$3,300,000. A clinic is sought for the Smoke Bomb Hill portion of Fort Bragg which would serve the active duty soldiers assigned to the 18th Airborne Corps artillery, signal, and engineer units, as well as the United Army Special Operations Command, and the family members of these soldiers. This clinic will replace the current clinic which is located in four separate dysfunctional and disbursed buildings averaging 23 years old. We ask \$11,400,000 for this clinic.

A social work services clinic is sought for Fort Hood. This clinic will offer private counseling sessions with individuals and families and group discussions which are of a very personal and sensitive nature.

The delivery of these types of services has not been possible in the current temporary modular leased facilities that this clinic will replace. We ask \$1,950,000 for this facility. This will be design-build contract. The design effort will not start until the project is authorized and appropriated.

Our last clinic is a medical/dental clinic required at the administrative support unit in Bahrain at a cost of \$4,600,000. Medical personnel currently treat eligible beneficiaries in 2,900 square feet of temporary portable/relocatable building structure right now in Bahrain. Dental facilities consist of a single, portable dental unit.

Funds are requested for a combined facility to provide war reserve materiel storage and office/laboratory space for Bioenvironmental Engineering at Charleston Air Force Base. The building which currently houses the nontemperature sensitive medical supplies is scheduled for demolition in 1997. Leased facilities will be required until this facility is constructed.

The facility which houses the bioenvironmental engineer has environmental control problems, asbestos contamination, extensive deterioration of both construction and finishes, and is not located in the immediate vicinity of the base clinic. We asked \$1,300,000 for this readiness facility. This will also be a design-build contract.

An environmental preventive medicine unit addition at Norfolk Naval Air Station is required to provide specialized technical services, consultation, advice, and recommendations in preventive medicine to a broad geographic area and field units of the operating forces on the east coast of the United States and Europe, including Iceland. We asked \$1,250,000 for this facility.

Under the topic of unspecified minor construction, in addition to our specific line item request, we are requesting \$5,142,000 for unspecified minor construction for 1997. These funds are used to respond to quick-turnaround, urgent projects costing less than \$1,500,000 each, which arise during the year and cannot wait until the next available program year for funding.

Candidates for these funds are carefully screened to ensure prudent management. Upon enactment of the 1996 Defense bill, the ceiling was raised to \$3 million per project for projects that solely correct a life-, health-, or safety-threatening deficiencies.

Mr. Chairman, this concludes my overview statement for the fiscal year 1997 budget for medical military construction. This program stands as a testament to our commitment to provide quality medical care to the men and women of the Armed Forces and to maintain our medical readiness. I thank you for the opportunity to present our budget and I welcome your questions on any aspect of the budget before you now.

OVERBUILDING

Senator BURNS. Thank you, General Anderson. As you know we are downsizing and we are still building medical facilities. Are we overbuilding?

General ANDERSON. No; Mr. Chairman, we are certainly not overbuilding. In fact, I think you are aware that we have already reduced about 42 percent of our beds in the Department of Defense health infrastructure. Part of that was BRAC reduction related and part of it was management decisions on changing our inpatient to outpatient services according to the current revolution in health care that is going on, ambulatory services.

We are tending to focus more on ambulatory health care facilities when we build, then, as opposed to classical hospital construction. We are very mindful of the BRAC process and what has occurred along those lines. Our military construction program for medicine is down considerably over previous years, and we believe it is very well-targeted.

HOSPITAL FACILITIES ON OKINAWA

Senator BURNS. Tell me about the story that appeared this morning in the Washington Post about the hospital facilities on Okinawa.

General ANDERSON. I must tell you that I did not read that article but I can tell you—

Senator BURNS. I would imagine that this may catch you, I do not know.

General ANDERSON. Actually, this is a wonderful subject to talk about because I have been personally engaged in the project at Okinawa. What we are attempting to do is to construct a \$250 million hospital on Okinawa, which I must tell you right off is a Japanese construction program, so it is not United States funds that we are using there. However, it competes with all other projects that the United States infrastructure in Japan requires. This would be the largest single construction program ever put forth through that program. It is currently in the 1997 program for construction in Japan.

Last year, I went to Japan with a group of construction engineering people and worked through the process of assuring that the hospital was meeting the requirements of the people stationed on Okinawa of the Forces Japan structure in total. We then carried that to Japan on the island of Ponshu and with Forces Japan to ensure that the program was in good order and met requirements and so on.

You are well aware of what has happened politically in Okinawa since then. One of the points is that we are not going to be reducing personnel strength over there, and that the requirement to take care of these people remains the same as it has been. The big issue seems to be sitting at that this point. We are engaged in that issue.

When you build a military hospital, particularly in an overseas location, it is very important that the siting be close to your airhead. Proximity at Kadena Air Base is important for that naval hospital that we are building. It will depend very much on how the land space works. We intended to build the hospital on the site of the old hospital, which is really in serious disrepair.

Senator BURNS. Where is that hospital? Is it located at Kadena or at Sucaran?

General ANDERSON. Camp Kuwae.

Senator BURNS. Camp Kuny?

General ANDERSON. Camp Kuwae, K-u-w-a-e. It is actually very close to Kadena. It is right on the edge of the Marine Corps base that is almost adjacent to Kadena.

Senator BURNS. Just near the Pungin.

General ANDERSON. Yes.

Senator BURNS. They renamed that as Camp Hague now, I think.

General ANDERSON. Do we have a map? We did not come prepared.

Senator BURNS. We do not have to go into it too deep.

General ANDERSON. The point was we were building a road between this site location right up to Kadena. It is part of the project. Right now, it is close. However, if it moves from Kadena a signif-

cant distance, it gets to be a problem with moving the ambulances through the road structure over there to the air medical airlift.

That is the current issue. It is a big project of 400,000 square feet, a large construction program on Okinawa. The siting issue will probably continue to be the political thing that we will be working on.

Senator BURNS. I was trying to visualize where it was. I was a marine over there in the artillery outfit. We were in the Pungin, Ewakuni I think it was called when I was there, but I am not real sure.

BUDGETING FOR MISSION FACILITIES

Tell me about when budgeting for these mission facilities real quick. I understand that you are really squeezed for time here. We are concerned about the individual military services going through certification. We want to certify on these facilities. We have not received any certifications back. Is that being overlooked, especially on those facilities with a size and scope of over \$50 million? I think we started it last year.

General ANDERSON. What my staff just passed me is one certification from the Army. The answer is apparently we do have some of these. I am going to have to answer your question on this for the record, if you would allow that.

Senator BURNS. All right.

General ANDERSON. It is not because we are overlooking it, but it sounds as if we have a deficiency here that we need to correct. Let me get back with you on this.

Senator BURNS. I think last year was the first time that we required those certifications.

General ANDERSON. I know that I have at least one.

Senator BURNS. OK. All right. If you could help us out with that, well, that would be fine. If you could, respond back to the committee on that.

General ANDERSON. We will do that.

[The information follows:]

CERTIFICATION OF COST AND SCOPE OF MEDICAL MILCON PROJECTS BUDGETED BY THE DEFENSE MEDICAL FACILITIES OFFICE

Attached is the Army response to the directive in Conference Report 104-247 (to accompany H.R. 1817) wherein each of the Services is required to provide certification of concurrence with the cost and scope of medical projects budgeted by the Defense Medical Facilities Office.

The fiscal year 1997 budget submission contains two medical projects for the Army that exceed \$50 million. The funds requested for both the Hospital Replacement at Fort Bragg and the Walter Reed Army Institute of Research (WRAIR) at Forest Glen support the final phases of multi-year construction projects. The Army concurs that the \$89 million requested for the Fort Bragg Hospital is required in fiscal year 1997. The \$92 million requested in fiscal year 1997 for the WRAIR project represents the balance of funding required to complete construction.

Senator BURNS. That is all I have, General Anderson. I was just handed a note here that you are a little squeezed for time.

General ANDERSON. Well, I apologize for that.

Senator BURNS. Well, no, it is my fault.

General ANDERSON. If it would be acceptable, I would like to depart after my testimony.

Senator BURNS. You may do so, sir.

General ANDERSON. Thank you very much.

Senator BURNS. Thank you for coming. We appreciate that.

DEFENSE FINANCE AND ACCOUNTING SERVICE

STATEMENT OF BRUCE M. CARNES, DEPUTY DIRECTOR FOR RESOURCE MANAGEMENT

COLUMBUS CENTER

Senator BURNS. We are going to talk to Mr. Carnes now. Last year, we appropriated \$46 million for the Defense Finance and Accounting Service [DFAS] site consolidation projects. I can remember since being on this committee \$37.4 million for an administration facility in Columbus, OH. This year you are requesting \$94 million or a little over that for more of the same type projects. This is, of course, quite an increase in funding. What is the status of Columbus? How is it coming? Where are we going to spend this money?

Mr. CARNES. The Defense Department request for Milcon has \$93.3 million for DFAS, \$20.8 million of that for the Columbus Center. We are in the second year of appropriations for the Columbus Center, and we are on schedule with that project. We will award a contract on June 1, and we will break ground on July 15. Right now the project is phased in over 3 years. Last year it was \$37.4 million, this year it is \$20.8 million, and next year it will be \$14.5 million.

Senator BURNS. We are still going through this drawdown, you know.

Mr. CARNES. Yes, sir.

Senator BURNS. Sometimes we have to be accountable to our constituency. It seems like a 100-percent increase is quite an increase whenever we are going the other way as far as downsizing.

Mr. CARNES. The reason for that, Mr. Chairman, is that the piece for the Columbus Center is to replace a facility that is going to be sold, and we have no other alternative but to move into another place. That is for the Columbus Center.

The other piece is related to our consolidation of field operations. We are drawing down field operations by 95 percent, and we are moving from over 330 field installation level accounting offices into 21 regional offices. It is those offices that make up \$70 million of our request today. That also is phased over a 3-year period.

You have, on the one hand, the Columbus project, which is not related to consolidation. The drawdown piece is this 3 year program for which I am seeking the first tranche today to renovate eight facilities into which we are moving our field installations. In fact, we have moved almost 230 of those so far. We have about another 100 to go. After 3 years, we will be done and will have reduced field operations by 95 percent.

ACCOUNTING SYSTEMS

Senator BURNS. Mr. Carnes, tell me, we hear all kinds of stories about general accounting practices and accounting systems. Is it a standardized accounting system as far as the Department of Defense goes?

Mr. CARNES. No.

Senator BURNS. How many do we have?

Mr. CARNES. We have—let me ask my colleagues here.

Senator BURNS. I mean, ballpark.

Mr. CARNES. I would say we probably have 230 or 240?

Mr. McNAMARA. Well, with the accounting payroll and military payroll and civilian payroll.

Mr. CARNES. The finance and accounting systems may be 230 or 240.

Mr. McNAMARA. 230 or 240 different accounting systems.

Mr. CARNES. Yes.

Senator BURNS. Could a standardized system throughout—

Mr. CARNES. Yes; it is our intention to move to that. It is our intention to comply with the requirements of the CFO Act and to have good accounting systems.

We probably will not end up with one super system that serves everybody, but we will have perhaps service-aligned systems—a Navy system, an Air Force system, an Army system—but they will all communicate with each other and roll up into one consolidated statement for the Defense Department. That is our intention and we are moving in that direction. We are, in fact, eliminating accounting systems every year. We have eliminated several already.

Senator BURNS. Well, but the Army would be different from the Navy and the Navy would be different from the Air Force?

Mr. CARNES. I think that the answer to that goes back probably to the beginning of those services when you have field commanders removed from central headquarters who are autonomous in the field, have to make decisions, and deal with the local economy.

If a captain on a ship pulls into Singapore, he has got to deal with the Singaporean Government and economy. He has to account for his funds a certain unique way.

Each of these services then evolved its own unique systems to meet its own mission requirements. In those days, they were really trying to account for expenditures and appropriated funds, and it is a new world now.

Senator BURNS. Now, you requested funding for renovation of administrative buildings at what? At Norton in California?

Mr. CARNES. Yes, sir.

Senator BURNS. Ohio; Loring in Maine; Charleston, SC?

Mr. CARNES. Correct.

Senator BURNS. Well, are we closing Charleston?

Mr. CARNES. Of the eight operating locations that we are seeking funds for, six of them are on base realignment and closure [BRAC] installations and two of them are on active installations. In many cases, we are working with the local reuse development committees of the community and moving into occupied facilities on closed DOD installations. Six of the eight that we are seeking funding for today, in fact, are in that category.

Senator BURNS. We are still going to go forward with those renovations?

Mr. CARNES. That is our intention, sir.

Senator BURNS. Do we have to?

Mr. CARNES. There is no way that we can consolidate our operations into these facilities unless we renovate them. The buildings

are in some cases over 100 years old. They are hospitals and warehouses. They are just not capable of housing the kind of operation that we have. The criteria that the Department used to select these was first to try to reuse DOD facilities, and then we looked at all alternatives of leasing or new construction. In almost all cases, the renovation turned out to be the most economical alternative.

[The information follows:]

The fiscal year 1997 request for MILCON funds totals \$93.3 million. Of this, \$20.8 million are the second installment on funding needed to construct a new facility for DFAS at Columbus, OH. The project is on track and within budget.

DFAS also requests funding—\$72.5 million—for renovating 8 Operating Locations in fiscal year 1997. It is important to note that DFAS has already opened 16 Operating Locations and will have moved nearly 230 field-level finance and accounting offices into them. This is pursuant to a decision by the Deputy Secretary of Defense on May 4, 1994, to reduce all CONUS field operations by 95 percent by moving them into fewer—larger—operating locations. By doing so, it is estimated that DOD will save up to \$120 million annually.

To accomplish this objective, DOD examined approximately 300 locations throughout the United States. The locations were rigorously evaluated against four criteria, one of which was to use Defense assets made redundant by the end of the Cold War. In evaluating locations under this criterion, DOD considered any excess space that was vacant or would become vacant due to closure or realignment and whose use as a DFAS Operating Location would be consistent with potential community reuse plans. This criterion would make facilities previously proposed for elimination in the base closure process available as potential sites for DFAS use. The cost and time-frame in which the facilities would be available were also considered as part of the cost analysis (which was performed by the Army Corps of Engineers).

Each military Service was asked to identify space which would meet DFAS's requirements. Of the 8 facilities for which DFAS is requesting MILCON funds in fiscal year 1997, 6 are located at BRAC sites and are open and operating today, though the facilities are in dire need of renovation. Further consolidations—and the resultant savings—are contingent upon renovating these facilities. Renovation has been determined through a careful cost analysis to be a cheaper alternative than constructing new facilities or leasing commercial space. The renovation of DFAS Operating Locations would be complete in 3 years—that is, at the end of fiscal year 1999.

Senator BURNS. I am just saying if we are going to finally close those bases, why should we be investing in the bases that are not on the closure list.

Mr. CARNES. The decision on which bases to go to was a decision made by the Deputy Secretary 2 years ago in which he looked at a number of criteria including whether there were facilities, the location, and the availability of a trained work force or workers who could be trained. Putting all of these factors together, he selected these particular places as the most economical alternative for DOD.

Senator BURNS. I am not real sure we should not take a look at that as we work our way through this process on them, because it does seem like it is a waste of money, though, if we are going to renovate bases that are going to be closed and we are in a consolidation mode anyway.

Mr. CARNES. The alternative to that, sir, would be for us to either lease facilities, which would be more costly, or to build new facilities, which would be more costly still. The renovation is by far the cheaper alternative.

PREPARED STATEMENT

In addition, I would just say that certainly one of the principal reasons we were created as an agency in 1991 was to bring down

the cost of financial operations for DOD. In order to do that, we have to get out of field operations and into these regional offices.

[The statement follows:]

PREPARED STATEMENT OF BRUCE M. CARNES

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to discuss Military Construction requirements for the Defense Finance and Accounting Service (DFAS) for fiscal year 1997.

The military construction request for the Department of Defense for fiscal year 1997 includes \$93.3 million for the Defense Finance and Accounting Service. Of this, \$20.8 million supports Phase II of the construction of the Columbus Operations Center, while \$72.5 million provide funds to renovate eight Department of Defense facilities into adequate administrative facilities for finance and accounting operations at eight sites.

With respect to the Columbus Center project, construction is scheduled to begin in June 1996 and be completed in the summer of 1999. When it is complete, this project will provide a multi-story 580,000 square-foot administrative facility collocated with the Defense Supply Center, Columbus. The building will house 3,500 DFAS Columbus Center employees who provide contract pay, installation accounting, and financial systems design support to the Department of Defense.

The other eight projects are renovations to existing Service-owned buildings. Two of the buildings are on active installations; the remaining six are on installations closed due to base closure. The local communities have incorporated the use of these facilities by DFAS in their reuse plans.

The buildings are currently configured as hospitals, technical training laboratories, warehouses, and administrative facilities. They vary in age from 4 to 118 years. Renovation of these facilities will provide modern, efficient workplaces which will accommodate current and emerging technologies such as telecommunications, electronic commerce/electronic data interchange and imaging. Renovations at all sites include the installation of communications lines, increased electrical capacity, improved heating, and air conditioning and ventilation systems, and would bring the buildings into compliance with current building codes. The interior design of the facilities emphasizes an open space concept to the greatest extent possible.

This concludes my formal remarks. I have provided a copy of my briefing slides for the record and am prepared to respond to any question that you might have concerning these projects.

DEFENSE FINANCE AND ACCOUNTING SERVICE FISCAL YEAR 1997 MILITARY CONSTRUCTION PROGRAM

AGENDA

DFAS Columbus Center Project
DFAS Operating Location Projects

PROJECT FUNDING

[In millions of dollars]

	Fiscal year 1996	Fiscal year 1997
Columbus Center	37.4	20.8
OPLOC renovations:		
Norton/San Bernardino, CA		13.8
Orlando, FL		2.6
Rock Island, IL		14.4
Loring AFB/Limestone, ME		6.9
Offutt AFB/Omaha, NE		7.0
Griffiss AFB/Rome, NY		10.2
Gentile AFB/Dayton, OH		11.4
Charleston, SC		6.2
Total	37.4	93.3

FISCAL YEAR 1997 MILITARY CONSTRUCTION PROGRAM

COLUMBUS CENTER PROJECT—\$72.4 MILLION

Project Description:

Construct a multi-story 592,000 sq. ft. facility to provide office and support space for the Columbus Center and the Financial Systems Activity—Columbus (3,500 personnel).

The project is co-located with the Defense Construction Supply Center in Columbus, Ohio.

The project has been fully authorized, but will be appropriated in three increments: Fiscal year 1996—\$37.4 million; fiscal year 1997—\$20.8 million; and fiscal year 1998—\$14.2 million.

COLUMBUS CENTER PROJECT FISCAL YEAR 1997 MILITARY CONSTRUCTION PROGRAM

Current Situation:

The Columbus Center is located on two installations over one mile apart; spread among 8 buildings and 5 trailers.

The 6 primary buildings, Air Force Plant #85, were constructed in the 1940's as an aircraft manufacturing facility and are not conducive to administrative support functions.

The Air Force is required to close excess Industrial Plants. AFP #85 is already scheduled for disposal.

The Economic Analysis completed in support of this project provides a 7.6 year payback.

COLUMBUS CENTER PROJECT FISCAL YEAR 1997 MILITARY CONSTRUCTION PROGRAM

SUMMARY

Project authorized at \$72.4 million.

Fiscal year 1996 increment appropriated at \$37.4 million.

Project set for contract award in June 1996.

Fiscal year 1997 request for \$20.8 million.

Defense Finance and Accounting Service fiscal year 1997 military construction program

	<i>Total</i>
DFAS inherited:	
Centers	6
Activities	327
Employees	30,500

Defense Finance and Accounting Service fiscal year 1997 military construction program

In fiscal year 2001:	
Centers	5
Operating locations	21
Employees	21,500

Fiscal year 1997 consolidation Milcon program

	<i>Millions</i>
California: Norton AFB	\$13.8
Florida: Naval Training Center, Orlando	2.6
Illinois: Rock Island Arsenal	14.4
Maine: Loring AFB	6.9
Nebraska: Offutt AFB	7.0
New York: Griffiss AFB	10.2
Ohio: Gentile AF Station	11.4
South Carolina: Charleston Naval Ship Yard	6.2
Total	72.5

How DFAS Milcon dollars are spent on fiscal year 1997 projects

	<i>Percent</i>
Electrical	17.1
HVAC	19.4
Walls/floor/ceiling	21.8
Info system	8.9
Overheads	14.2
Other (roof, plumbing, life safety, misc.)	18.6

CHARLESTON NAVAL SHIPYARD, SOUTH CAROLINA

OPLOC

28 DAO's

750 Personnel

Civilian payroll, Vendor pay, Disbursing and Accounting Functions

Building 198

2 stories with 4 story addition

228,035 SF

Renovate 125,280 SF (11,639 SM)

Currently configured as supply, receiving, shipping and administrative space

Constructed in 4 increments, 1964/1985

35 percent Design Complete

\$6.2 million

LORING AIR FORCE BASE, MAINE

OPLOC

15 DAO's

521 Personnel

Vendor pay, Disbursing and Accounting Functions

Building 3502

2 stories

142,400 SF (13,229 SM)

Currently configured as hospital

Constructed in 1988

Closed Installation

35 percent Design Complete

\$6.9 million

OFFUTT AIR FORCE BASE, NEBRASKA

OPLOC

14 DAO's

625 Personnel

Civilian payroll, Vendor pay, Disbursing and Accounting Functions

Building 500

3 stories

627,231 SF

Renovate 125,000 SF (11,613 SM)

Constructed in 1955, with addition in 1960

Configured as administrative space

35 percent Design Complete

\$7 million

ORLANDO NAVAL TRAINING CENTER, FLORIDA

OPLOC

15 DAO's
750 Personnel
Vendor pay, Disbursing and Accounting Functions

Building 301

3 stories
156,960 SF
Renovate 125,280 SF (14,582 SM)
Constructed in 1993
Configured as Electronics Training School
Installation closes 1998
35 percent Design Complete
\$2.6 million

GRIFFISS AIR FORCE BASE, NEW YORK

OPLOC

15 DAO's
625 Personnel
Vendor pay, Disbursing and Accounting Functions

Building 1

1 story with 2 story wing
195,322 SF
Renovate 177,172 SF (16,460 SM)
Constructed in 1942 as a warehouse
Configured as administrative, warehouse, maintenance
Closed installation
35 percent Design Complete
\$10.2 million

ROCK ISLAND ARSENAL, ILLINOIS

OPLOC

14 DAO's
750 Personnel
Vendor pay, Disbursing and Accounting Functions

Building 68

3 stories
155,409 SF (14,567 SM)
Constructed in 1878, partially renovated
On the National Historical Register
Configured as administrative and warehouse space
35 percent Design Complete
\$14.4 million

NORTON AIR FORCE BASE, CALIFORNIA

OPLOC

14 DAO's
575 Personnel
Vendor pay, Disbursing and Accounting Functions

Buildings 951/953

2 stories
125,040 SF (11,617 SM)
Constructed in 1965
Configured as administrative space
Closed Installation
35 percent Design Complete
\$13.8 million

GENTILE STATION, OHIO

OPLOC

11 DAO's
750 Personnel
Vendor pay, Disbursing and Accounting Functions

Buildings 45/46

2 stories
447,632 SF
Renovate 202,000 SF (18,766 SM)
Constructed in 1954
Configured as administrative space
Closed Installation
35 percent Design Complete
\$11.4 million

FISCAL YEAR 1998/99 CONSOLIDATION MILCON PROGRAM

Fiscal year 1998:

Ford Island, HI
Memphis Naval Station, TN
Norfolk Naval Base, VA

Fiscal year 1999:

Fort Ord, CA
Chanute AFB, IL
Fort Sill, OK
Lexington, KY

DEFENSE LOGISTICS AGENCY

STATEMENT OF FREDERICK N. BAILLIE, EXECUTIVE DIRECTOR OF BUSINESS MANAGEMENT

PREPARED STATEMENT

Senator BURNS. Mr. Baillie, privatization, how is it going?

Mr. BAILLIE. Right now, for this fiscal year we are focusing on the Defense Reutilization and Marketing Service, and we are just getting started on the distribution arena. We believe, based on our analysis, supported by a number of studies, including some work with academia and with some of the top industry leaders, that we can make a sound business case to save money and produce certainly a product in those two areas that is more efficient and effective and will not impact the warfighter.

Our next area that we are going to look at, probably in fiscal year 1997 after we get the first two that I mentioned started, will be in the fuels arena. We believe that there are also some opportunities to be had through privatization of some areas in fuels that are not already privatized.

[The statement follows:]

PREPARED STATEMENT OF FREDERICK N. BAILLIE

Mr. Chairman, and members of the Subcommittee: I am Frederick N. Baillie, Executive Director of Business Management, Materiel Management business area at the Defense Logistics Agency (DLA). I am pleased to have the opportunity to provide information about DLA's fiscal year 1997 Military Construction request.

MILITARY CONSTRUCTION REQUEST

Our total Military Construction request for fiscal year 1997 is \$102,558,000. This program consists of 14 projects that will increase mission responsiveness, eliminate environmental hazards, and improve facilities readiness at our activities in support of the Agency's missions. This request includes: \$67.6 million for replacing deteriorated, obsolete hydrant fuel systems, or providing new systems, at five critical Air Force bases and one Naval Air Station; \$18.7 million for constructing additional fuel storage tanks, fuel unloading facilities, and direct refueling systems at six Air Force and Navy bases; \$15.7 million for replacing six deteriorated World War II era warehouses with one high-bay general purpose warehouse at a DLA distribution depot in San Diego, California; and \$0.6 million for constructing a new installation entrance roadway into DLA's Defense Supply Center, Columbus, Ohio.

NEW FUELS MISSION RESPONSIBILITIES

In fiscal year 1996, DLA assumed new responsibilities for programming fuel-related MILCON projects for bulk and intermediate fuel storage and hydrant fuel systems at the Services' installations. The Office of the Secretary of Defense approved this responsibility transfer from the Services in fiscal year 1992 in its Plan for the Integrated Management of Bulk Petroleum. In carrying out this responsibility, we are requesting approval of 12 fuels-related projects at \$86.3 million, which is 84 percent of our total program request.

FUEL FACILITIES INVESTMENTS

Hydrant fuel systems

Our proposed investment to replace old and deteriorated hydrant fuel systems, or provide new systems at critical bases, is \$67.6 million.

We propose to replace four hydrant fuel systems at Travis Air Force Base (AFB), CA, (\$15.2 million); Andrews AFB, MD, (\$12.1 million); Altus AFB, OK, (\$3.2 million); and Moron Air Base, Spain, (\$13 million). At these four Air Force bases the existing hydrant systems, built in the 1950's, are technologically obsolete and incapable of meeting current wide-bodied aircraft refueling requirements. Moreover, these deteriorated systems do not meet today's stringent environmental regulations. Many sections of these hydrant systems, and their unprotected underground fuel storage tanks, are shut down to reduce safety and environmental hazards. Because these systems are obsolete, repair parts are no longer available; they must be individually fabricated or salvaged from other inoperable systems. The work-around alternative is to use fleets of 5,000- or 6,000-gallon refueler trucks to service these aircraft. This alternative is work force intensive and reduces mission responsiveness.

At Elmendorf AFB, AK, we propose to construct a new \$18 million hydrant fuel system to improve the base's capability to refuel wide-bodied aircraft. Currently these aircraft are fueled by refueler trucks which cannot provide the necessary pumping rates to meet the required one-hour refueling time. Excessive travel distances to obtain fuel and adverse weather conditions also hamper fueling operations using refueler trucks. This hydrant system will also reduce the risk of a serious, and potentially costly, fuel-spill.

We propose to extend the existing direct fueling system at the Naval Air Station, Sigonella, Italy, by providing three additional hydrant outlets for wide-bodied aircraft on an adjacent apron. The existing eight-outlet system is on an airfield apron that is too small to safely accommodate wide-bodied aircraft without disrupting other airfield operations. Consequently, the Station must use refueler trucks which

are too slow to meet refueling requirements. This \$6.1 million project is not eligible for NATO Security Investment Program funding.

Fuel receipt and storage facilities

Besides the hydrant fuel systems described above, we also propose to invest \$18.7 million to replace or upgrade fuel storage and distribution systems at six other locations. These projects will overcome shortfalls affecting support of the bases' missions and eliminate potential environmental liabilities.

At Barksdale AFB, LA, we will construct a \$4.3 million jet fuel unloading facility for tanker trucks to enhance the capability of the base to receive 100 percent of its jet fuel by truck. The existing 40-year-old truck unloading facility has limited capacity to receive fuel deliveries, only 53 percent of total requirement, due to mechanical conditions and its poor location. It also lacks the environmental safeguards to comply with current Federal and State regulations. This new facility will improve Barksdale AFB's capability to receive fuel by truck as well as pipeline, particularly during surge or contingency conditions.

At McConnell AFB, KS, we will alter the existing fuel truck unloading facility for \$2.2 million to meet objectives similar to the Barksdale project: provide 100 percent truck unloading capacity and eliminate environmental liabilities. The existing facility, also more than 40 years old, was originally built to unload fuel from rail tank cars. Using this facility now for tank trucks has resulted in reduced throughput capacity and increased safety concerns due to truck traffic congestion at the small unloading site. This facility lacks spill containment structures and controls to meet current environmental regulations.

Shaw AFB, SC, receives 84 percent of its jet fuel requirement by rail tank car. The 40-year-old fuel unloading facility relies on deteriorating underground storage tanks and lacks environmental protection safeguards. Our proposed \$2.9 million project will provide the spill containment structures, piping, and mechanical controls to bring this facility up to today's environmental standards and reduce the potential for costly fuel-spill clean ups. It will also eliminate the need for underground fuel storage.

At Naval Air Facility, El Centro, CA, we will replace two old and deteriorated underground storage tanks (UST) with two aboveground tanks. We will also build a direct fueling system from these tanks to give the station the capability to refuel tactical aircraft with their engines running, thereby saving valuable training time. This \$5.7 million project alleviates environmental compliance issues concerning UST's and enhances the station's ability to meet its important training mission.

A \$2.1 million project at Naval Air Station, Fallon, NV, will alter the existing direct fueling system by modifying three fuel outlets. This system, used to "hot refuel" tactical aircraft (i.e., refuel aircraft with their engines running), currently operates under a waiver of Navy safety regulations because of its mechanical configuration. The proposed project corrects this problem.

At Naval Air Station, Oceana, VA, refueling tactical aircraft is hampered by a fuel system that has only one operating storage tank. Typically, such systems have two tanks to receive and issue fuel simultaneously and to provide continuity of operations when one tank is out of service for repairs or maintenance. We propose a \$1.5 million project to construct a second operating tank for this system.

DISTRIBUTION AND SUPPLY CENTER INVESTMENTS

Distribution depots

We have requested one project to replace six deteriorated warehouses at the Defense Distribution Depot in San Diego, CA. The proposed \$15.7 million general purpose warehouse of 247,000 square feet (SF) replaces six decrepit low-bay warehouses built during World War II, and totaling more than 333,000 SF. These warehouses lack fire protection systems and have numerous electrical, mechanical, and structural deficiencies, and are beyond economical repair. They will be demolished as part of this project. Because of its high bay, the new warehouse will provide an additional one million cubic feet of storage space and allow us to properly store materiel that is now in the open because of a lack of suitable warehouse space.

Supply centers

In the coming years, the population at the Defense Supply Center, Columbus, OH (DSCC) will grow significantly as administrative personnel in leased space are consolidated. More than 1,400 positions from the Defense Electronics Supply Center (DESC), Dayton, OH, will move to DSCC in June 1996 as part of the BRAC 93 decision to close the Dayton facilities. In addition, 3,700 employees of the Defense Finance and Accounting Service (DFAS) will relocate to DSCC when their administrative facility at the Supply Center is completed. To reduce traffic congestion and safe-

ty concerns due to this large influx of employees, we propose to construct a new entrance to the installation for \$600,000.

SUMMARY

DLA's Military Construction request reflects our efforts to support military readiness, protect the environment, and provide safe working conditions for our military and civilian work force. Twelve of the 14 projects are directly linked to support of the Services' fuel operations. The remaining two are needed to meet distribution mission requirements at a major customer site and to ensure safe access and egress from our second largest supply center. I believe these are worthy investments with significant benefits.

Thank you, Mr. Chairman, for this opportunity to present our fiscal year 1997 requirements.

Senator BURNS. Do you know about the situation at Fairchild?

Mr. BAILLIE. No, sir; I do not.

Senator BURNS. Well, that is for another day. We have a pipeline where fuels are refined at Billings, MT, and then they were pipelined to Spokane. Then we had a situation across the Indian reservation of which they closed that pipeline down, and now we are trucking that fuel about 60 or 70 miles because of that pipeline. We are looking at some alternatives there. Privatization of Defense Fuel Supply Center operations, so you are looking at those?

Mr. BAILLIE. Yes, sir; in fact, right now, if you look at the existing terminal operations approximately 60 percent are already being run by private sector, and we would be looking at the remainder of that.

Senator BURNS. OK. Last year we asked you about the status, we asked your office about the status, of Defense Logistics picking up motor pool functions.

Mr. BAILLIE. Yes, sir; to post camps and stations?

Senator BURNS. Yes.

Mr. BAILLIE. Under the current OSD plan for integrated management of bulk petroleum, that would take effect in fiscal year 1999. We have received input from all the services to date. Their fuel project requirements were about \$500 million, which included existing projects plus the post camps and stations.

This July we will convene at the Defense Fuel Supply Center an installation planning and review board. We will get all of the services' representatives together and we will validate that \$500 million that they have submitted and then, as part of the ongoing budget process, submit what we believe to be the top priority projects necessary given safety, health, and economic considerations.

OFFICE OF THE SECRETARY OF DEFENSE

STATEMENT OF MILLARD E. CARR, P.E., DIRECTOR, ENERGY AND ENGINEERING

ENERGY CONSERVATION INVESTMENT PROGRAM [ECIP]

Senator BURNS. Mr. Carr, last year your total program was reduced by \$203 million. I understand that it was nonprejudicial based on limited funding. The Energy Conservation Investment Program, the ECIP, has remained relatively stable despite the fact that you only authorized \$40 million for fiscal year 1996. What is

the average pay back of the ECIP Program? Have you any figures on that?

Mr. CARR. Yes, sir; since 1992, the average payback has been under 4 years for our program. We are also going to try to come back for that additional \$10 million for reprogramming through our Comptroller shop from last year's ECIP. This year's request is \$47.8 million.

Senator BURNS. The payback on the 4 years, 3 years, what were we talking? Ten at one time?

Mr. CARR. Under the Energy Policy Act we are required to identify and accomplish all the projects and payback in under 10 years, by the year 2005.

Senator BURNS. Yes.

Mr. CARR. With the ECIP Program we are prioritizing them on the basis of payback. So far payback has been for all program years less than 5 years; and on average, less than 4 years.

Senator BURNS. It is going better than we thought?

PREPARED STATEMENT

Mr. CARR. Yes, sir; last year we had, roughly, a 13.3-percent reduction in energy used per square foot. That is equivalent to about \$380 million that we did not spend on energy last year in the Defense facilities.

[The statement follows:]

PREPARED STATEMENT OF MILLARD E. CARR

Mr. Chairman and distinguished members of the Subcommittee, it is a pleasure to appear before you to address the Department of Defense's fiscal year 1997 Energy Conservation Investment Program. I have been working with colleagues in the energy conservation business of the Department of Defense for over 30 years—trying hard to save a watt here and Btu there. I can report to you today that, thanks to the continued support from the Congress and the work of some tenacious, hard core energy conservationists at our installations, efforts are beginning to pay off in a very big way.

In fiscal year 1995, we in the DOD heated, lighted and cooled our facilities with over 13 percent less energy per square foot than we did in 1985. Those systems which we have improved are also requiring less funds and manpower to operate and maintain, and are producing considerably lower volumes of green house gases and other air pollutants. Had we not had your support, our utility bills last year would have been over \$380 million greater, our maintenance requirements would have been higher, and our energy use would have produced an addition six million tons of green house gases.

We recognize that we still have a long way to go. The Department spends nearly \$3 billion each year to heat, light, and cool its buildings. Our target, which the Congress set for us in the Energy Policy Act of 1992, is by the year 2005, to install " * * * all energy and water conservation measures with payback periods of less than ten years". That will mean reducing our energy consumption another 17 percent. If we meet the 30 percent energy reduction goal of Executive Order 12902 by 2005, we will achieve an annual cost avoidance of approximately \$1 billion. This goal cannot be achieved without continued accomplishment of conservation projects. Unfortunately, these cost-effective investments have historically ranked below many unfunded basic mission support requirements unless directed by the Congress or singled out as a national priority by the President.

We have been building our Energy Resource Management Program since the passage of the Energy Policy Act of 1992. Former Secretary Aspin initiated the Department's response to the goals established by that Act by establishing a centrally managed Defense-wide fund, called the Federal Energy Management Program, to support and complement the Energy Conservation Investment Program. The Energy Conservation Investment Program accomplishes those permanent facility retrofits which require Military Construction funds and the Federal Energy Management

Program supports program administration efforts which can be accomplished with operations and maintenance funds. We manage both funds in my office.

In view of the Congress's intent to reduce expenditures and past support of our program, the Department was very surprised when Congress reduced our fiscal year 1996 request for \$235 million for the Federal Energy Management Program 85 percent last year. These are the funds that identify and develop our Energy Conservation Investment Program projects and accomplish those facilities retrofits and program activities that must be accomplished with operations and maintenance funds. We believe that this reduction in the centrally managed program will seriously impact on a very cost effective energy conservation program. For example, the projects in the fiscal year 1996 Energy Conservation Investment Program have an estimated simple pay back of less than four years—better than a 25 percent return on investment. While Congressional report language stated that the reduction in the central account was to be transferred to the Military Departments and could be used for energy conservation and other operation and maintenance uses, it will be difficult to assure that the funds will be spent for cost savings energy projects. We hope we can make a better case for the economic benefits of the centrally managed program and achieve renewed Congressional support in fiscal year 1997 for our request.

Recognizing the increasing pressure on appropriated funding and internal personnel resources, we are working to tap a number of other sources to identify and fund energy savings initiatives. We are incorporating the energy conservation theme into our routine new construction, and replacement and repair projects. We are educating our installation personnel on better life-cycle cost management techniques. We are working with utility companies to take maximum advantage of their newly emerging energy conservation programs. And we are accelerating our use of shared-energy-savings performance contracts, where private energy service companies make the investments in and maintain new energy systems while recovering their investment and expenses from a share of the actual savings in our energy bills.

We are also exploring a management process improvement similar to the Forrestal Institute introduced by Congressman Hobson in H.R. 2996, which could accelerate our use of private sector expertise and competition in developing and initiating energy savings initiatives. In today's fast changing energy market place, there are significant opportunities for major energy consumers like the DOD. However, private sector expertise is needed to capitalize on these opportunities. Business-as-usual will not capture the potential savings.

I would like to emphasize the broader benefits that are derived from the Department's energy conservation programs. We have a significant impact outside of the Department of Defense—primarily because of shear size. We are the largest builder and owner of facilities in the world. We have approximately 400,000 buildings of all types and we are replacing or renovating several thousand facilities each year. No other organization, or group of organizations, comes anywhere near us in market influence. For example, we do about 5 percent of the Nation's commercial construction.

This means that others can use our design criteria with some confidence that it has been extensively tested. It also means that if we are willing to buy better products, the industry will build them. For example, we know that technology exists to produce an incandescent light bulb that is 30 percent more efficient than what is currently on the market. Working with the Environmental Protection Agency, we have committed to buying several million if a manufacturer will produce them for \$3 each. The industry is responding favorably and should have one on the market next year. When this is done, the entire country will benefit. At Camp Lejune, our commitment to convert to natural gas was the final step needed to encourage the local gas company to extend a main some 70 miles. All the communities along the way benefited. Just a few years ago, only NASA was interested in photovoltaics. This industry began to grow after DOD identified a cost effective applications and started to use photovoltaics at remote sites. Today 90 percent of the photovoltaic industry is an export business to third world countries * * * helping to improve our balance in trade. In each of these instances we saved money and others also benefited. Technology leveraging makes energy conservation an even bigger win-win strategy.

There are two issues that I do want to touch upon before I close. The first has to do with line item authorization. Historically, this program has been lump sum authorized and appropriated. It works very well from our viewpoint. It allows us to switch priorities and take advantage of opportunities as they arise, right up to the time of actual appropriation. For example, when several of our projects were caught in base closure surprises, we simply substituted other high priority projects, notifying Congress prior to award. This way we maintain a high obligation rate, a lower "breakage rate", and are able to achieve greater savings much sooner. Last year the

Committee indicated a preference for a line item review. In response to that, we have forwarded the information we currently have regarding the fiscal year 1997 program. This is a candidate list of projects totaling over \$90 million. On the basis of our current review, they are all good projects. We would welcome any specific direction you may have on the priority of these projects, but I would urge you to leave us room to add and substitute when technically necessary.

The other issue is the transfer authority for using the Energy Conservation Investment Program for energy conservation projects in Military Family Housing. Congress has provided that authority for the last two years. We know there is great potential for savings in our family housing. This year, for example, we will be installing geo-thermal heat pumps in housing at Bolling Air Force Base. You may want to stop by and tour the site and see this emerging technology. This is a method to extract heat from the ground instead of the air. The ground has a constant temperature, so the heat pump efficiency does not go down with the thermometer—making them more cost effective. This technology is most appropriately used in family housing, but we would not have been able to apply this technology with Energy Conservation Investment Program funds without this transfer authority.

I would be happy to answer any questions you may have.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. All right. Mighty fine. Of course, we will wrestle with these. If you have any statements you want to make, I will keep the record open. That concludes my end of it. However, the rest of the members of the committee I would imagine will have some questions. If you could respond to them and the committee, why we would certainly appreciate that.

All right?

Mr. CARNES. Yes, sir.

Mr. BAILLIE. We appreciate your continued support.

Senator BURNS. You bet you. Yes, sir.

Mr. CARR. Thank you, sir.

Senator BURNS. Any other statements?

[No response.]

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO MAJ. GEN. GEORGE K. ANDERSON

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. The Army intends to build a 50-bed hospital at Fort Wainwright, Alaska. Does the Assistant Secretary of Defense for Health Affairs, support this effort to build a new hospital at Fort Wainwright?

Answer. Yes. However, the Health Care Requirements Analysis supports only a 27-bed hospital. Five additional light care beds are planned for accommodating a major portion of patients not normally diagnosed for hospitalization and/or potential ambulatory surgery during harsh winter months and use during local emergencies, thus making it a 32-bed replacement hospital.

Question. I understand that part of that projects includes a significant telemedicine requirements. Can you provide additional information what this involves?

Answer. The telemedicine infrastructure requirements for the Fort Wainwright replacement hospital are currently under evaluation by the Army. Any additional costs, if required, to support this initiative will not be included in the medical military construction project cost but will be funded by the Army's other procurement and operations and maintenance funds. Requirements may include such items as complete digital information processing and distribution from all clinical and non-clinical sources to all federal health care delivery sites, and advanced personal tele-monitoring and remote health information access capabilities.

Question. General Anderson, this year's request asks for appropriations for the completion of three hospital replacement projects. Of these requests, \$92 million for phase 4 of the Research Institute project, including the Naval Infectious Disease Re-

search at Forest Glen, MD. Is this facility project near its completion, and please briefly describe its functions.

Answer. Sitework for this project (\$8.2 million) was completed in December 1995, and the construction contract for the building and associated infrastructure is underway. Completion of the facility is currently scheduled for the second quarter of fiscal year 1999. Provision of the requested appropriation in fiscal year 1997 is essential to fund the remainder of the construction project, assure construction continuity and allow for expedited completion. The completed facility will provide safe and technologically advanced biomedical research facilities, with capabilities commensurate with industry standards, which will maximize the potential of DOD medical research. Over 80 percent of the new facility is dedicated exclusively to research laboratories and animal facilities directly supporting consolidated Army and Navy research in infectious diseases, HIV, combat casualty care, military operational medicine and biological and chemical warfare defense. This facility is essential to the integration of Army and Navy medical research, and is the cornerstone of a consolidated DOD medical research program for the 21st Century.

Question. General Anderson, this year's request includes \$4.6 million for a medical/dental clinic in Bahrain. To what degree have we pursued host country financial participation for this project, and like projects in wealthy overseas locations?

Answer. Unlike other countries, there is no Status Of Forces Agreement between the Governments of U.S. and Bahrain. The U.S. presence is "****" at the convenience and pleasure of the Royal Ruling Family "****" per the Defense Cooperation Agreement (a classified secret document) between our two governments. The people of Bahrain do not enjoy the high per capita income that several other Arab nations have acquired. To maintain this strategic site for our national interest, the U.S. Government has agreed to take care of its infrastructure requirements. This clinic is the only U.S./DOD source of health care to over 2,600 beneficiaries in Bahrain.

Question. To continue, this year's request also includes funding for a medical/dental facility at Key West NAS, Florida. The 1995 BRAC realigned this Station to a Naval Air Facility, reducing the Truman Annex, and closing Trumbo Point. How many personnel are now served at this facility, and is the long term need for this medical facility justified?

Answer. While BRAC 95 realigned some of the operational forces at Key West, the overall net effect has largely been a "wash" due to the increase in special warfare/operations units. Pre-BRAC 95 beneficiary population was 8,706; post BRAC 95 beneficiary population will eventually settle at 8,258—approximately a 5 percent decrease. Not included in the foregoing numbers is the "snowbird" beneficiary population (most of which are eligible for care at the Naval Medical Clinic, Key West) that can swell to as high as 10,000 during the winter months. Due to the occasional unrest in the Caribbean and Central/South America, the proximity of Key West ensures that a DOD mission will be maintained—and unchanged—for the foreseeable future. This clinic is also a joint venture with the VA Staffing and fiscal resources will be shared. The VA beneficiary population is not included in the previous beneficiary numbers, accordingly, the workload numbers will be higher when the clinic is completed and the two staffs are co-located.

QUESTIONS SUBMITTED TO BRUCE M. CARNES

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. How are the decisions being made concerning the renovation and/or construction of DFAS's operating locations?

Answer. During the DFAS operating location site selection process, a team of architects and engineers under the leadership of the United States Army Corps of Engineers (USACE), evaluated the potential sites and estimated costs for renovation, new construction and/or repair. DFAS then prioritized its military construction (MILCON) projects by considering the repair required; the cost, availability and suitability of interim space; and consolidation requirements. The actual MILCON projects are being managed with USACE and follow the appropriate engineering and MILCON guidelines/standards.

Question. Has DFAS considered leasing commercial office space as an alternative to renovation?

Answer. Yes. During the DFAS operating location site selection process a cost analysis was performed to determine the least cost alternative. For the eight consolidation projects, based on a 27 year life cycle economic analysis the estimated savings of renovating these facilities rather than leasing space is \$100 million or \$3.7 million/year.

Question. Mr. Carnes, last year's budget request for the DFAS (Defense Finance and Accounting) Defense Construction Supply Center in Columbus asked for \$72 million for the construction and consolidation of administrative facilities. This years request asked for \$20.8 million for phase 2 of this project. Have you projected the outyear budget requests for this facility, and do you expect increases beyond the original \$72 million figure?

Answer. The Department has documented outyear budget requirements. Based on the current forecast, no additional funds are required beyond the original \$72 million.

QUESTIONS SUBMITTED TO FREDERICK N. BAILLIE

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question. I very much want to commend the Defense Logistics Agency, as well as, Admiral Straw, Director, for the outstanding support in resolving an issue that concerned the Defense Fuel Supply Center Anchorage facility. I am submitting for the record a letter from Admiral Straw on this subject.

I understand that the DFSC Anchorage facility will close by September of this year. What are the associated MILCON projects and time line scheduled to replace this existing capacity?

Answer. DLA has entered into a formal agreement with Chevron Corp. in which they will provide leased fuel storage to replace the existing capacity at the Defense Fuel Support Point (DFSP) Anchorage. The agreement was signed on September 25, 1995. The initial five-year lease term is scheduled to start in September 1996. The Government has options to continue this contract for three additional five-year terms.

In order to provide the remainder of the fuel storage capacity required in the southern Alaska area, DLA proposes to construct a MILCON project in fiscal year 1998 to build 250,000 barrels of storage capacity in above-ground tanks at Elmendorf Air Force Base. These tanks will replace 10 existing above and underground storage tanks at the base that are deteriorating and in an environmentally sensitive area. These tanks will be operational by early 2000.

Question. Mr. Baillie, I commend your agency for including the much needed hydrant fuel systems in this year's budget. I am concerned, however, that certain storage facilities, such as the jet fuel storage facility at Reno/Tahoe Air National Guard (ANG) facility, were not included in this budget.

Answer. The overall requirements to replace failing fuel storage and distribution systems vastly exceed DLA's available MILCON resources. Consequently, in conjunction with fuel representatives of the Services and Unified Commands, DLA ranks proposed fuel projects for programming based on the commands' priorities, mission essentiality, environmental concerns, and economics. This process ensures that the most important projects are done first.

In the case of the project to replace the ANG jet fuel storage complex at Reno, Nevada, the Air National Guard Readiness Center withdrew this project in July 1993 from DLA MILCON consideration. At that time, they deferred this project due to the uncertainty about the future siting of this facility by the local airport authority. When this siting issue is resolved, they may resubmit this project for review and ranking among other unfunded fuel projects.

QUESTION SUBMITTED TO MILLARD E. CARR

QUESTION SUBMITTED BY SENATOR HARRY REID

DEFENSE ENERGY CONSERVATION

Question. Mr. Carr, with another round of BRAC completed just last year, do you perceive a significant energy savings due to the closure of these, possibly outdated, and discontinued facilities?

Answer. The square footage of buildings and facilities under Congressional direction to achieve energy savings has decreased 9.6 percent since fiscal year 1985. Obviously the use of energy has been reduced in those buildings no longer in the inventory. However, the impact of these closures on our energy conservation goals is a much more complicated question.

Many of the missions and people at closing bases were moved to and consolidated in other locations—often increasing the people loading and resultant energy use per square foot of those facilities. We have not attempted to rationalize all of the related

factors such as climatic severity of those facilities closed versus those receiving installations, and the average energy intensity of those buildings removed from the inventory versus those remaining. The primary reasons are that the goals directed by the Energy Policy Act of 1992 and President Clinton's Executive Order 12902 are expressed in terms of reducing the energy intensity, measured in Btu's per square foot of existing buildings, and in identifying and accomplishing all energy and water conservation projects which pay back in ten years or less. We use the goals as an estimate of the resources needed and a measure of program accomplishment. Constantly changing factors, such as base closures and technology improvements, make the goals moving targets and are continually factored into the ongoing development and economic analysis of projects to meet the direction of Congress and the President.

ADDITIONAL SUBMITTED STATEMENTS

Senator BURNS. The subcommittee has received statements from the Fleet Reserve Association, the National Military Family Association, the Non Commissioned Officers Association, and the Reserve Officers Association which will be placed in the record at this point.

[The statements follow:]

PREPARED STATEMENT OF SENIOR CHIEF CHARLES L. CALKINS, USN (RET.),
NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

INTRODUCTION

Mr. Chairman and other Members of the Subcommittee, on behalf of the 160,000 members of the Fleet Reserve Association (FRA): I wish to express appreciation for the opportunity to present FRA's views regarding appropriations for Military Construction.

As an ombudsman for the men and women serving in the Navy, Marine Corps and Coast Guard, FRA offers the following comments for your consideration. This statement principally addresses the Report of the Defense Science Board Task Force on Quality of Life, and is restricted to the subject of housing, including family, bachelor enlisted quarters (BEQ's) and berthing spaces aboard U.S. ships, and educational and recreational programs and facilities.

FRA's Director of Legislative Programs attended all open meetings of the group, and its Legislative Counsel served as a Task Force member of the PersTempo Panel and an interested associate of the Housing Panel.

First, may we please offer a word of caution? FRA believes we should tread easy in any attempt to use the Task Force recommendations to advocate "purple-suited" the military's housing programs. Each of the Services is uniquely different and each bases its priorities and requirements on the mission(s) assigned. One cannot apply duplicate standards to the Navy and Marine Corps as to the Air Force, even if the latter has a superior program.

The Navy, for example, requires that considerable attention be targeted to improving berthing aboard ships and providing suitable housing for crews while in homeport. On the other hand, the Marines have nearly twice as many first termers as career personnel. Many of the former are deployed or training, and the Corps' principal home-basing needs are focused on retaining careerists, with or without families, rather than first termers.

We must not forget the 1970's, when far too many of our mid-level noncommissioned and petty officers (NCO's/PO's) with 10 to 14 years of service bailed out, leaving the Nation with a "hollow" force. The Navy could not get its ships to sea and the Army's readiness was at an alarming low because these NCO's/PO's were voting with their feet. To halt the exodus, Congress provided super pay raises of 11.7 percent in fiscal year 1981 and 10 to 17 percent in fiscal year 1982, with the highest percentages going to NCO's/PO's. Additionally, Congress enhanced the amounts of payments senior enlisted personnel might earn in special and incentive pays.

So as we proceed through the following Task Force Report recommendations, please keep in mind that FRA believes it is more favorable to provide programs to retain the career force, while at the same time endorsing funding for the comfort of our junior service members.

FAMILY HOUSING

Task Force Recommendations.—#1—Revive broad family housing guidance; #2—Give special attention to the special housing dilemma of young service members; #3—Reduce inequities in housing assignments, (a) Develop and apply housing suitability criteria and continually revise (service) lists of suitable and unsuitable housing and (b) Rebate a flat percentage of quarters allowances to those assigned to military housing designated as "unsuitable;" #4—Update and clarify acceptability criteria for private sector housing for military families; #5—Identify the federal laws and regulations which drive up the cost of housing delivery and/or dissuade private industry participation; and seek exemption from the most onerous; #6—Maximize the use of private industry resources and delivery systems to first satisfy the need for affordable, community-comparable, quality housing in the civilian community, and then to maintain, operate and revitalize military owned/leased housing; and #7—Identify means of redressing the growing inequity between military residents of private sector and military housing.

Comments:

Recommendation #1.—There is a need to share responsibility for military housing. DOD or the Services must disseminate information to the occupants that the Department not only has the responsibility to furnish suitable housing, but to properly maintain and repair the unit and property. At the same time advising the occupant that, in turn, he or she has the responsibility for residential care. DOD or the Services cannot have high expectations for residential care when the housing unit is substandard and only lackadaisical help is offered by the housing authority in its maintenance and repair.

Recommendation #2.—FRA is adamantly opposed to providing priority access to military housing for enlisted personnel in the lower three grades because this will encourage more of them to marry, and thus increase personnel costs for spouses and family members. Additionally, there would be one less incentive, among others created by the all-volunteer force, to move up the advancement ladder. The career force, by the way, would strongly object to this. Its NCO's/PO's would likely not be willing to accept a lower priority than for those who have yet to "earn their stripes." A like-recommendation to apply the same principle to the commissioned officers corps enjoined few takers.

Recommendation #3.—a. The Association strongly endorses the need for equity; however, any action taken by Congress and the Services must be carefully orchestrated. Noteworthy is the fact that the combined monthly BAQ/VHA total per unit is inadequate to entice developers to "invest" in building military housing—particularly in high-cost areas; and b. For those having to reside in substandard units—which the Services need to designate more than what are now "on the books"—up to 50 percent of the allowances should be retained by the members. In this respect, bachelor personnel in grades E-1 through E-3, who are not authorized sea pay—which FRA believes unfair—and who live in smaller spaces than available to incarcerated felons, should be entitled to receive either sea pay or BAQ. (Also see Recommendation #7 below for further comment.)

Recommendation #4.—FRA agrees.

Recommendation #5.—The FRA is four-square in favor of the need for Congress to rid the military of the federal laws and regulations that obstruct the development and construction of military housing and many of its facilities. Also of importance is exempting military family/bachelor housing, and family and community service facilities from the Davis-Bacon law. Based on estimates provided by developers, a savings of 10 percent per housing unit may be realized. This equates to one extra unit for every ten units now funded.

Recommendation #6.—a. Although the Association leans favorably toward the establishment of a Military Housing Authority, placing it under the cognizance of DOD may not be the way to go. Referring to the comment above, such an action may give DOD another opportunity to "purple-suit" the Services. It may be in the best interest of the Services that each retain its own authority; and b. Part of Recommendation #6 suggested that BAQ be paid to all personnel and roll those monies directly into a family housing account to be used as a source of funds to expedite removal of the maintenance backlog. A worthy proposal, but FRA believes the resulting costs of funding BAQ for all would be prohibitive.

Recommendation #7.—FRA addressed the issue of equity in Recommendation #3 above. The Association advocates the adoption of authorizing and appropriating funds to adequately reimburse service members for housing. However, Congress first needs to authorize and appropriate sufficient monies to comply with its own

statute of providing housing allowances (BAQ/VHA) that cover 85 percent of a members' costs based on national and local median prices.

Task Force Ancillary Recommendations #1 through #9.—The Association has not listed these nine recommendations in order to focus its comments on the primary recommendations (above and below) and reduce the time necessary to peruse this statement. It does, however, support each of the ancillary suggestions with enthusiasm, particularly #5. The question of who should or can provide adequate security for military housing located in the civilian sectors must be answered in order to maintain appropriate security as well as good order and discipline among occupants.

BACHELOR HOUSING POLICY

Task Force Recommendations.—#1—Amend, complete and clarify bachelor housing policy in relation to the general policy (revised per Recommendation I under Family Housing above); #2—Initiate Service leadership discussion of the military and other purposes to those served (sic) by the provision of barracks, establish broad assignment parameters, with authorized latitudes to preserve Service ethos, and identify space and amenity requirement's and related costs for intended users; #3—Set suitability criteria for bachelor housing—both in barracks and off-base, including reimbursement of part of the Basic Allowance for Quarters (BAQ) to anyone assigned to barracks/spaces that do not meet these criteria, etc.; #4—Set priorities for addressing barracks problems; and #5—Delineate broad guidelines, goals and requirements for an efficient, customer-oriented system for managing and operating barracks housing.

Task Force Ancillary Recommendations.—#1—Commit to providing in the near future achievable amenities; #2—Eliminate "buy and construct American" legislation, increase appropriations for Military Construction and Operations and Maintenance funding, of barracks overseas (especially in Korea and Italy), and enlist the support of the Departments of State and Commerce to obtain foreign funding to build quality housing for U.S. military use; and #3—Direct the Services to review local barracks' rules and regulations.

Comments:

Recommendation #1.—The Association supports the necessity for the Services to clarify bachelor housing policy in relationship to that of their family housing program, but at the Service level—not by DOD. As referenced earlier, each Service must have the luxury of deciding what its policy will be.

Recommendation #2.—There is much strength in the Task Force's report that junior military service members want more privacy and amenities. Regrettably, not all can be provided comfort due to the composition of units, sections, etc. For example, technical personnel assigned to other than combat or combat-related units, may be better served with more comfortable living spaces. However, combat and some combat support units require unit cohesion. Team work is the essence of combat readiness where a crew, squad, section, etc. must always be cognizant of their mates, develop comradeship, support one another, and perform as one single element in mastering the unit's mission. Many of the comforts provided base operation troops may not be appropriate for deployable personnel. This does not suggest there can't be better ways to offer more comfortable living for those in gang-style barracks or berthing spaces. A bit of imagination, effort, and money can do wonders.

Recommendation #3.—FRA agrees. The current law authorizes the payment of a portion of BAQ to members residing in substandard family housing. A like provision should apply to bachelor members assigned to substandard barracks/berthing.

Recommendation #4.—FRA agrees with one additional suggestion—authorize the fencing of appropriated funds for barracks operations, maintenance and repair in amounts beyond those provided the commander for operation and maintenance of his/her ship or installation.

Recommendation #5.—More proficient management of bachelor housing is in many instances a major necessity. An inordinate number of barracks/berthing spaces require much attention in order to provide even minimum comfort. The Fleet Reserve Association agrees to the suggestions offered herein but reiterates the Task Force's caution to step lightly where "sea/shore and other Service rotational patterns" are concerned.

Ancillary Recommendations #1 through #3.—The Association strongly advocates the adoption of Recommendations #1 and #3 but suggests that Recommendation #1 be a matter for the individual Services. Because of their respective characteristics, each should determine what amenities can, and should be provided its bachelor personnel. Granted, a Service may have to be nudged a bit, but this might be done by requiring the Service to provide a progress report for this distinguished Subcommittee.

COMMUNITY AND FAMILY SERVICES

The Fleet Reserve Association supports the Task Force recommendations for Community and Family services. It does emphasize the need for more physical fitness facilities, both ashore and aboard ships—particularly those ships carrying deployed troops. Additionally, adequate recreational facilities and educational programs need to be constructed or developed. For many combat and combat support unit personnel, such substitute amenities can relieve the pressure of residing in bachelor housing that isn't as comfortable as that provided for permanent personnel.

WORKING SPACES AND FACILITIES

Although housing and other family and personnel services are of great importance, only a cursory mention was made by the Task Force of working conditions under which our service members must perform their daily missions. We must not forget that much of the infrastructure of our military installations, including older ships, is deteriorating at a rapid pace. Many working spaces and facilities desperately require modernization: i.e., insulation, heating and cooling systems, etc. The FRA recommends that a survey of each of the Service facilities be directed by an independent group, and that the worst of the lot receive priority funding.

SUMMARY

Any action taken by this distinguished subcommittee and the full House and Senate should be principally targeted to the retention of career personnel. The Services cannot accomplish their missions without experienced and knowledgeable leadership. There are always means by which Congress can obtain personnel not favoring a military career, but there is yet no method devised that can bring in qualified, active duty committed NCO's/PO's who have the military expertise to keep the Nation's ships at sea and prevent "hollowness" in the ranks of our ground and air forces. They deserve first priority.

Yet, we cannot overlook the need to maintain high morale and good discipline among the junior grades. This may be accomplished by providing as many comforting amenities as the budget will bear without destroying their will to advance in the ranks in order to be granted the privileges that go with higher pay grades.

PREPARED STATEMENT OF THE NATIONAL MILITARY FAMILY ASSOCIATION

The National Military Family Association (NMFA) is a nonprofit, predominantly volunteer organization with membership from the seven uniformed services, active duty, retired, reserve component and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

Mr. Chairman and members of the Subcommittee, NMFA and the families we represent come before you with gratitude for your support of the quality of life for service men and women and their families.

Last year your support for the construction of a new Child Development Center in Yongsan, Korea, not only addressed the needs of military families stationed in the area, but significantly reinforced their sense of being citizens and constituents. Active duty military families are often reluctant to communicate with their members of Congress. This is particularly true for those stationed thousands of miles away on foreign soil. The excitement and empowerment these families feel because their petitions, both as individuals and through NMFA, were heard and addressed will remain with them for many years to come!

In preparation for this year's testimony, NMFA sent a "Please Help—Need Information ASAP" request to our 90 volunteer Representatives stationed with their spouses at installations around the world. We also reviewed information included in NMFA Representatives' Quarterly Reports for 1995 and trip reports prepared by our Headquarters staff when they traveled in the field. Not all of the information gathered is included in this testimony and certainly not all U.S. military installations world-wide are represented. However, certain themes, ones which will come as no surprise to this Subcommittee, were prominent throughout all of the reports.

REPAIR, MAINTENANCE AND INFRASTRUCTURE

From Fort Polk, LA

The NMFA Representative reports that she is lucky enough to live in one of the newer sets of government quarters and is very well satisfied. She also reports that

many of the repair and maintenance problems reported in 1995 remain. Families told her of flooding in their housing when it rains; cracked foundations; seams of walls buckling; floor to ceiling cracks in the walls; gaps where doors do not fit; continual plumbing leaks and being without water in second bathrooms. Infrastructure problems are also quite pressing at Fort Polk. A failure in the sewage system has caused families to live with raw sewage in their yards for months. Less than 100 feet from a set of houses is a large sink hole created by an inadequate storm drainage system. According to the Representative, "The hole is at least 5 feet deep and 6 feet across. The cement culvert is exposed and has sharp edges which could be a danger should a child fall into the hole."

From Edwards Air Force Base, CA

The Edwards AFB Representative obtained verification of problems observed when a Headquarters staff member visited the installation in late January. Families actually joked about the uselessness of electric clocks since the power was interrupted so frequently. The civil engineering office verified that the electrical system in family housing is only capable of meeting 1950's power demands and that outages occur almost on a weekly basis. It is ironic that at the Air Force Flight Test Center military families may have to forego entry into the modern information highways because the electrical system of their homes may not adequately support computers!

Most of the housing areas do not have curbs, gutters or sidewalks next to their roadways. Children must ride their bikes in the streets. At the January 1996 Family Force Forum delegates suggested foregoing a needed parking lot paving project in order to fund a small down payment on the beginning of sidewalk construction.

Renovations are underway in some of the enlisted housing areas, but the older homes can only be described as tiny with Lilliputian yards. Unfortunately the yards on the renovated homes will be no larger. Family Day Care providers do not have enough room to put up the required outdoor play equipment. In fact, some who wish to be Family Day Care providers are being turned down. They are not turned down because they are unqualified or do not have the proper equipment, but because of the condition of the outside of their homes. Peeling and flaking paint is apparent on every set of the older quarters. The paint is lead based. Current funding only allows crews—to slap a new coat of paint over the old. In the climatic conditions at Edwards this sort of paint job lasts approximately two months.

Desert Villa, the unaccompanied personnel housing area, goes by a variety of locally generated names. Suffice it to say that the facilities were constructed in the 1950's and have received little attention since that time. Shower and tub enclosures in the bathrooms are leaking water into the wallboard and framing components causing rot. In order to fix the-area the civil engineering office needs to replace existing roofs; utilities; doors and windows; and mechanical and electrical systems. They also need to refinish floors, walls, and bathroom and kitchen cabinets, and replace bathroom and kitchen fixtures.

SHOULD WE PUT UP TENTS?

From Bangor Naval Submarine Base, WA

1,900 families are on the waiting list for base housing (10/95).

From Camp Lejeune Marine Corps Base, NC

According to the Deputy Housing Director the installation is 3,000 family housing units below what government regulations say is necessary to support the base population.

From Hunter Army Airfield, GA

482 of the 486 sets of available quarters were built in 1953. The average size of a 2 bedroom home is 900 sq ft; the average size of a 3 bedroom home is 1,100 sq ft; and the average size of a 4 bedroom home is 1,300 sq ft (the installation only has eight sets of four bedroom quarters). The waiting time for all quarters except two and three bedroom Junior NCO quarters is indefinite. The waiting time for the Junior NCO quarters is 18–19 months.

From Parris Island Marine Corps Recruit Depot, SC

Parris Island has 231 sets of family housing. Of that number 183 are considered adequate and 48 inadequate. The waiting time for the quarters considered adequate is 17 months and it is 19 months for those considered inadequate. The population of Beaufort County and the surrounding areas continues to grow with a resulting decrease in the numbers of affordable homes for military families. A Naval air unit of 600 personnel is expected to arrive in this area within the year. The current projected deficit for housing in the Tri-Command area (Parris Island, Beaufort Marine

Corps Air Station, and Naval Medical Hospital and Dental Center) is 629 units. The military and civilian community are discussing the problem and both agree that more affordable housing is necessary. So far no one has broken ground!

From Fort Hood, TX

28,000 families are assigned to Fort Hood. 5,783 homes exist on the installation. 3,500 families are on the waiting list for government quarters. In fiscal year 1995 there was a deficit of 437 in the number of three bedroom homes available in the entire community (on installation and in the civilian sector); a deficit of 1,206 four bedroom units and a deficit of 964 five bedroom units. The civilian sector has responded with construction of two and three bedroom units, but the supply of four and five bedroom homes is extremely limited. The Maximum Occupancy Cost (MOC), the amount of money spent for housing that the government says is acceptable and affordable by rank, for Fort Hood is ludicrous. An E-4 makes approximately \$1,200-\$1,300 a month in base pay and an additional \$390 in BAQ and \$59.92 in VHA, yet is supposed to be able to afford housing costs of \$644.70 a month! In other words, the MOC requires an E-4 to absorb 30 percent of her/his housing costs out of pocket! Fort Hood estimates that at least 2,000 of their soldiers qualify for Food Stamps.

From Corpus Christi Naval Air Station / Ingleside Naval Station, TX

The local Chambers of Commerce are literally begging developers to construct affordable housing for Navy families. Sailors are being warned not to bring their families until housing has been secured. The situation leads one to wonder if the area is supposed to be a "homeport" for sailors and their families or only for their ships!

FAMILY SUPPORT AND SCHOOLS

SCHOOLS

Several of our Representatives requested specific recommendations from their Domestic Dependent Elementary and Secondary Schools, however they were told to go through the Director's office in Arlington. Since this testimony was specifically prepared to represent input solely from the field, we are only including the one installation where a member of our Headquarters staff was able to recently observe the situation.

From Beaufort Marine Corps Air Station, SC

Two schools located on this installation educate students from pre-kindergarten through sixth grade. Both schools are required to use multiple portables for classrooms; walkways used by students are uncovered; ceilings, floor coverings and bathrooms are definitely in need of replacement and renovation. On days following a rainy night some children must slug through mud in order to reach their play areas.

From Randolph Air Force Base, TX

Randolph Elementary School has operated on waivers from Texas state law since 1984. The law requires certain maximum student to teacher ratios. In May of 1995 the state legislature stated that a district may no longer receive waivers to these ratios. Without funding for new construction the elementary school will be forced to convert classrooms now used for computer labs, music and art into regular classrooms to meet the law's requirements.

As a district solely within the boundaries of a military installation the Randolph Field Independent School District receives funding from only two sources, the federal Department of Education under the Impact Aid program and the state of Texas. The laws of Texas require all facility funding to come from the local district. Since the local district in this instance is a military installation, the only place funds can come from is the federal government.

From Camp Pendleton Marine Corps Base, CA

Three Oceanside Unified School District schools are currently located at Camp Pendleton. Children from the Stuart Mesa housing area are bused to these schools which are at or over capacity. The school district has drawn up plans for the construction of a new school which will be in walking distance of the Stuart Mesa housing area. The school is planned to be a community recreation and social center available at night and on weekends for community events and will also provide a location for an after-school care center. The District states that it needs \$7 million to build the school and is asking for federal funding.

Neither of the latter two school requests are for DOD owned schools. The funding for new construction for both should properly come from either the federal Department of Education (in the case of Randolph) or either DoEd or the local tax payers

in the case of Camp Pendleton. However, NMFA's concern is the education of military children. DoEd has not addressed the Randolph problem even though it has existed for 12 years! In the case of Camp Pendleton, asking local taxpayers to fund construction for a school to be located on a military installation and which will serve only military children is problematic at best.

FAMILY SUPPORT

From Puget Sound Naval Shipyard, WA

The Jackson Park Housing area has 870 units of which 840 are for the families of enlisted personnel and their families. The Puget Sound Naval Shipyard (PSNS) Family Service Center has an annex in the Jackson Park area to serve these families. The annex is housed in small modular trailers that are leased at an annual cost of \$10,000 and are badly in need of repair. These facilities do not have the space to provide predeployment briefings, counseling and other activities necessary to support a community where the majority of the households have a deploying sailor or assigned to one of the ships at PSNS.

The Chapel that serves this community is located in a converted ammunition bunker and the number of people who may attend the services is limited to 218. More would like to attend, but must be turned away.

A proposal to construct a joint Chapel/Family Support Center Annex was anticipated to be in the fiscal year 1998 Military Construction request. It is NMFA's understanding that it has been pushed back to fiscal year 1999 and yet the need for the structure is now! The arrival of the U.S.S. *Carl Vinson* in 1997 will bring thousands of additional Navy families to the area. The projected cost of the project is \$6.3 million.

OVERSEAS

From Heidelberg, Germany

The NMFA Representative from the area prepared and distributed a survey at the Annual Community Care Fair (information fair) in August of 1995. 52 percent of the respondents felt they were giving up more in BAQ than the housing they were given was worth. 79 percent of field grade officers responded in this manner. 41 percent said their current housing had a negative impact on how they felt about the Army and that percent rose to 50 percent among field grade officers.

From Darmstadt, Germany

The Child Development Center in the Cambrai Fritsch Kaserne is an old stable. Four of the rooms in this facility have only 240 square feet (presumably the horse stalls were small). The limited space in these rooms only allows occupancy by seven children and one care giver must be in the room. This obviously increases staff costs and does not provide the safety of having two staff members in attendance at all times. The Center has only four window air conditioning units and the entire facility must close when the weather gets too hot. The floors cannot be sanitized; the evacuation doors from the infant rooms do not meet width specifications for safety; and the rest rooms retain odors because there is no ventilation. Eighty-eight children are cared for in this facility (at least when its cool enough).

The Child Development Center in the Lincoln Village area has no playground, no sound proofing inadequate cooking facilities and inappropriately sized toilets and sinks for preschool children. Seventy children, forty above the number that meet the maximum capacity numbers of Army Regulations, are cared for in this facility. The combined waiting list for both Darmstadt facilities includes 243 children.

Seventy-five percent of the troops from Darmstadt are deployed to Bosnia.

NMFA was extremely pleased with the Quality of Life guidelines set by USAREUR. The vast majority of soldiers and their families are living within the directed time/distance limits from support facilities. "Bedroom" communities with little or no support services were not created. Despite significant problems that developed when large numbers of soldiers and their families were sent back to the United States, the realignment of servicemembers and their families into the drastically reduced number of U.S. installations in Germany has been accomplished with great care and understanding.

However, funding for new construction or even significant renovations has been put on hold for too long. Many families live in apartments that are tiny, the appliances antiquated, and where sound proofing does not exist. "Stairwell" living in the oldest of these apartments, where the most intimate details of a family's life are heard by all in the building, is not satisfactory. Some of the aged infrastructure is literally unsafe. It is past time to bring both family housing and barracks into the 20th century. If the soldiers from the forward deployed area of Germany are going

to be constantly separated from their families for long periods of time to meet U.S. commitments elsewhere, it is imperative that adequate housing be addressed immediately. It is also a necessity to address the child care needs of this population. Child care always becomes critical when deployments occur. When the deployment is from a foreign country the situation is significantly magnified.

MARSH QUALITY OF LIFE TASK FORCE RECOMMENDATIONS

NMFA is aware that much discussion has occurred regarding the recommendation for a separate Military Housing Authority. We are also aware that DOD has not yet forwarded a legislative proposal to implement the recommendation or substitute initiatives. Until such a proposal is forwarded it is difficult to make a decision on whether or not NMFA would/could/should support it. However, the time line to reach adequacy using normal military construction funding is not acceptable. The budget scoring problems with some of the new, and most welcome, authority included in Public Law 104-106 would seem to inhibit significant additional new construction. If each servicemember's actual housing allowances were budgeted for it would seem personnel costs would be more accurately reflected. (NMFA would suggest the same should be done for Health care/Medical benefit dollars.) On the other hand, NMFA would caution that the tax liability of servicemembers must be carefully explored before new authorities are granted that would put them at financial risk.

The current death spiral of aged infrastructure and buildings must be addressed. Each year that goes by without significant change increases the cost of rehabilitating the military's housing inventory. It would seem prudent to explore new lines of thinking and new ways of doing business if a solution to the situation is to be found.

CONCLUSION

The concern for the quality of life of military members and their families shown by this Subcommittee is well known. Unfortunately the scarcity of dollars to address that quality of life is also very evident. NMFA must, however, strongly support the few requests for family housing, Child Development Centers and barracks/dormitories included in the Department of Defense's budget request. We place particular emphasis on the need to continue replacing the deplorable family housing in Hawaii and the request for Fort Hood which will address the lead based paint issue in Chaffee Village and provide needed 4 and 5 bedroom family quarters.

NMFA respectfully asks that you consider each of the areas included in this testimony additional projects. Our deepest concern is reserved for the conditions servicemembers and their families are facing in Germany. We were extremely surprised that no family housing projects or Child Development Centers for the Army in Germany were included in either this year's or last year's budget request. We would certainly expect that projects are in the budget for outyears and respectfully request this Subcommittee seriously consider moving them forward.

PREPARED STATEMENT OF SGT. MAJ. MICHAEL F. OUELLETTE, USA, (RET.), DIRECTOR OF LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. Chairman, the Non Commissioned Officers Association of the USA (NCOA) appreciates the opportunity to present testimony before this subcommittee concerning fiscal year 1997 Military Construction Appropriations. Today NCOA will provide a number of concerns and offer some comments and recommendations which it believes will be of value to the subcommittee during deliberations.

NCOA is a federally chartered organization representing 160,000 active-duty, guard and reserve, military retirees, veterans and family members of noncommissioned and petty officers serving in every component of the Armed Forces of the United States; Army, Marine Corps, Navy, Air Force and Coast Guard. In this regard, NCOA's positions and recommendations on the issues can be directly attributed to the input received through communication and coordination with our members. NCOA is always enthused with any opportunity to speak on behalf of the men and women of the military services and hopes the Association's participation in today's hearing will be informative and valuable.

NCOA is pleased to report this year's statement has been endorsed by the member associations comprising the National Military and Veterans Alliance. The Alliance membership includes the Air Force Sergeants Association, the Korean War Veterans Association, the National Association of Uniformed Services, the Naval Reserve Association, the Non Commissioned Officers Association and the Society of

Military Widows. These organizations represent over 500,000 members of the seven uniformed services, officer, enlisted, active-duty, reserve, retired, and veteran plus their families and survivors.

PREFACE

For many years, NCOA has stressed the importance of overall military construction to the morale and welfare needs of military members and their families. The Association followed suit in 1995, but it became a very special year since the Administration, the Congress and the Defense Department focused a great deal of attention on the military's need for many new quality-of-life projects and associated improvements.

The Secretary of Defense, William Perry, recognizing the dismal condition of military housing pushed hard to focus some \$450 million in that direction. This realization came as no surprise to NCOA since the need for new construction of military family housing and bachelor quarters, coupled with DOD's financial inability to adequately maintain and repair existing facilities, were always high among the lists of complaints offered to the Association by senior noncommissioned and petty officers. These continual complaints, complimented by the attention of virtually all concerned, confirmed the fact that living conditions and other associated programs are tremendously important to members of the military and their families. Fortunately, many of these needs fall within the oversight responsibilities of this subcommittee since it has a great track record of being responsive to the needs of military people.

In this statement, NCOA will urge this subcommittee to "maintain the momentum" gained in the area of last year's Military Construction Appropriations legislation. The Association will ask this subcommittee to honor the Defense Department's request for continued new construction funding for family housing and single member living quarters, to include the repair ends needed to improve existing living, educational, family support, equipment and medical facilities.

Since the benefits of housing construction and repair efforts are not immediately realized by military people, it is vitally important that funding consistency be the order of the day in a concerted effort to preclude drastic and sudden requirements or changes to the overall military construction situation. Funding level consistency is the key to maintaining the momentum. Additionally, NCOA hopes to assist the subcommittee members by surfacing a number of real life situations and problems obtained by NCOA representatives from senior enlisted members during on-site visits to a number of military installations during the course 1995 and early 1996.

A SPECIAL WORD OF THANKS FROM NCOA

Mr. Chairman, NCOA is particularly grateful to you and the members of your subcommittee for your efforts and accomplishments in 1995. In a year when funding reductions, cost-saving initiatives and budget "deadlocks" were the order of the day, your subcommittee acted responsibly to meet oversight requirements. While bipartisan cooperation in Congress and cooperation between Congress and the Administration somehow became side-lined, through your leadership and that of Mr. Sasser, the subcommittee's Ranking Minority member and former subcommittee chairman, this subcommittee remained focused and worked together to "get the job done." NCOA is extremely proud of the manner in which your subcommittee accomplished its mission and is very pleased you did so by exercising "the enlisted members' approach to mission accomplishment—Working Together."

THE ADMINISTRATION'S FISCAL YEAR 1997 BUDGET REQUEST

NCOA is extremely encouraged with a number of military construction programs included in the Administration's budget which went to Congress on March 4, 1996. In particular, the Association is encouraged that as part of the requested \$242.6 billion to fund the Department of Defense in fiscal year 1997, the budget continued to "maintain the momentum" in the area of quality-of-life. Among those aspects of the budget receiving an NCOA endorsement are the proposals to build or replace 2,300 family housing units and improve another 4,100 units and to build or refurbish dormitories or barracks for single enlisted members at 42 sites occupied by 12,200 service members.

NCOA is somewhat disappointed that child care, although it remains a priority, will be funded short of the goal to provide 65 percent of the spaces needed. While it appears the budget will fund child care to approximately 60 percent of the required spaces across the services, the Navy apparently is expected to only meet approximately 52 percent of its child care needs. In this regard, NCOA points out that more and more enlisted families are relying on dual income associated with spousal employment to supplement minimized annual military pay raises. In order to maxi-

imize their efforts to maintain financial stability or well-being, the availability of child services and facilities has become of paramount importance. NCOA recommends the subcommittee fund child care to the 65 percent space requirement for all the services including the Navy.

FAMILY HOUSING

NCOA recommends new construction of family housing and repair of existing housing units remain high priorities with this subcommittee in making funds available to support the programs cited in the Administration's budget request. Although new construction funds are extremely important to maintaining a consistency in the out years, of the two, funds for repair of existing units should have priority.

The rationale behind this recommendation centers around the need to make rapid "improvement—headway" as soon as possible. Enlisted families tell NCOA that although new housing would be very much appreciated, the quality of existing structures mandate upgrade attention immediately. Families report that current conditions in some locations will not allow the luxury of the time it takes to construct new facilities. Ideally, the priorities should be a mixture of both categories of funds. Repair money to address the immediate needs and new construction funds to "maintain the momentum" to meet the long-term needs associated with annual funding consistency.

In recent testimony before this subcommittee, the military's Senior Enlisted Advisors, although in some disagreement on specific priorities, stressed the importance of housing, both married and single, to the morale of their individual services. NCOA concurs with their overall assessment of the importance of housing. The Association also believes improvements for both married and single members will not only address the immediate morale concerns, but are, in fact, investments in the military services' abilities to recruit and retain enlisted members in the future.

The housing requirements of the future must also be considered. It is no secret that military housing units are aging. In 1995, it was reported that 76 percent of Army family quarters were more than 28 years old. It was estimated that 45 percent of all family housing units were over 40 years old. It was also interesting that DOD reported last year that of its 376,000 on-base housing units, 58 percent or 219,000 units were rated unsuitable. There is no doubt that the positive efforts and actions of this subcommittee last year will improve this statistical outlook, but much remains to be done. The subcommittee's support of the Administration's request to build or replace 2,300 housing units and improve an additional 4,100 units will not fix the entire problem, but is without a doubt a major step in the direction of "maintaining the momentum."

DORMITORY CONSTRUCTION, RENOVATION AND MAINTENANCE

As stated previously, NCOA is pleased with the portion of the Administration's budget to provide for the construction and repair of single member dormitories or barracks at 42 sites. This action is expected to impact significantly on the quality-of-life conditions of approximately 12,200 single military members. The expectations of young military members, although not unreasonable, are much more than the "three hots and a cot" expectations of past generations of men and women who served in the military services. During testimony this year, the military's Senior Enlisted Advisors placed a powerful emphasis on the need to improve single-member housing. NCOA strongly agrees and suggests to the members of this subcommittee that when a Senior Enlisted Advisor sits before them and outlines a problem or situation of such substandard proportions that members are entering into "marriages of convenience" just to improve their quality-of-life, something simply must be done.

In the past, there was disagreement among the military services of just what the housing standard for single military member should be. NCOA is pleased that agreement has been reached and resulted in a long-range plan known as "Vision 2020." Although NCOA clearly understands and agrees with this plan, the major concerns of single members reaching the ears of the Association must be resolved well before the year 2020. The major concerns of single members expressed to NCOA by senior enlisted leaders follow: Lack of privacy seems to be the priority concern; lack of storage space for field equipment; substandard latrine and shower facilities in older structures; and sailors can tolerate the cramped billeting conditions while at sea, however, are dissatisfied when forced to live aboard ship while in home port.

NCOA representatives who are able to make on-site visits to military installations are impressed with the Self-Help efforts being expended to improve living conditions for the single member. Because of insufficient renovation and repair funds, single people required to live in on-base dormitories have assumed responsibility for their

own quality-of-life. Noncommissioned and petty officers, voluntarily aided by their people, continue to take matters into their own hands by performing many major and minor self-help renovation projects on their own off-duty time. Many of these projects are not routine by any stretch of the imagination. Most have required virtual reconstruction of the entire interior of any particular structure.

Since they are responsible for the day-to-day living needs of their charges, enlisted leaders say they have no choice other than to do the necessary work themselves. Although NCOA believes such actions clearly demonstrate the positive attitudes of senior enlisted leaders of the military services, this fact alone clearly describes the seriousness of the situation. The actions of this subcommittee last year and efforts to "maintain the momentum" this year will do much to ease the burden on single members and their leaders.

OBSOLETE SUPPORT FACILITIES

Last year NCOA brought the problem of obsolete support facilities to the attention of the subcommittee. Although senior enlisted leaders inform NCOA that housing and barracks improvements are the major priorities, they still continue to express deep concern regarding the substandard conditions of many old and outdated support facilities believed to pose definite safety hazards for military members who work in or use the facilities. Most of the expressed concerns involve motor pool and tank barks that were once state-of-the-art facilities. These facilities have not been able to keep pace with equipment upgrade and modernization initiatives over the years. Consequently, many facilities are in a run-down situation or are experiencing overcrowding conditions. Senior enlisted leaders are expressing severe safety concerns at a number of training facilities which include potentially life threatening conditions.

The extent of the situation involving unsafe working conditions is not fully known by NCOA, however, the Association recommends that the subcommittee consider asking appropriate questions of those responsible as hearings are held. The answers may give subcommittee members some idea for the full extent of the situation and prompt Congress to appropriate action.

MILITARY TREATMENT FACILITIES

NCOA recommends this subcommittee respond favorably to DOD requests for new construction funding of new Military Treatment Facilities (MTF's) and funding for the repair of existing MTF's. MTF's are the cornerstones for the implementation of the Defense Department's new Military Health Care Delivery System known as TRICARE. MTF availability and access for active-duty families and military retirees are key features of the TRICARE program which can reduce out-of-pocket costs to the eligible military medical care beneficiaries. Base Closure and Realignment Closure (BRAC) actions have already significantly reduced the number MTF's available to support the new program.

NCOA asks this subcommittee to consider the medical care needs of military beneficiaries when making the tough military construction funding decisions. The availability of MTF's is not only important to the active-duty members, but absolutely essential to the Government's responsibility to meet the promised benefit of "free lifetime medical care" to those who have served.

ON-BASE EDUCATIONAL FACILITIES

NCOA recommends this subcommittee take positive action to meet any DOD funding requests to support construction directed at on-base educational facilities in the United States and overseas areas. Enlisted military personnel and their families are becoming increasingly concerned that deficit reduction efforts will ultimately impact on their children's education. Judging from the efforts of some in Congress in past years to eliminate and significantly reduce Impact Aid funding levels for civilian school districts with enrollments of military children, their concerns are indeed justified. NCOA realizes this subcommittee is not responsible for providing funds to ensure a quality education for military students, but it does have significant influence over the quality of the facilities in which the children are taught. NCOA asks only that this subcommittee meet its responsibilities in this area.

CONCLUSION

Mr. Chairman, in conclusion NCOA notes that the wants and expectations of enlisted military people are basic and not outlandish by any means. They only ask to be provided living conditions that meet their expectations in terms of the amounts of monthly Basic Allowance for Quarters (BAQ) and any authorized levels

of Variable Housing Allowance (VHA) they must forfeit to reside in military family housing or Bachelor Enlisted Quarters (BEQ's). NCOA fully realizes this subcommittee has acted responsibly for many years to meet the housing concerns of military people. This subcommittee has always responded to this Association's requests by shifting money into housing and family support projects even before military quality-of-life efforts were fashionable. This subcommittee has always done what is "morally correct" and not what is considered to be "politically correct." In this regard, NCOA wants to express its appreciation for your efforts and asks only that the subcommittee members make the difficult decisions to "maintain the momentum" in fiscal year 1997. Thank you.

PREPARED STATEMENT OF MAJ. GEN. ROGER W. SANDLER, AUS (RET.), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. Chairman and Members of the Subcommittee: On behalf of the 100,000 members of the Reserve Officers Association, members of each of the uniformed services, I appreciate the opportunity to address this subcommittee to present the association's concerns relating to military construction appropriations for the Reserve components for fiscal year 1997.

The Reserve Officers Association is grateful to this subcommittee for its continuing support of the Guard and Reserve. Without your support, Reserve component readiness would not be at today's high level—without the facilities you provided the Guard and Reserve, they could not have contributed so effectively to Operation Desert Storm and subsequent operations, including Operation Joint Endeavor.

The Congress has repeatedly instructed the Department of Defense to designate a greater percentage of the total military construction request for Reserve component facilities. Under pressure to make overall budget reductions, however, the DOD has reduced its military construction requests for the Guard and Reserve to levels well below the established goal. The additional projects funded by the Congress have been directly responsible for providing urgently needed facility improvements.

Construction Backlogs

Base closures and force realignments have generated requirements for new construction to support new missions. Much of the funding for military construction for the Guard and Reserve, requested and appropriated, has been for new construction, while the needs for repair and renovation have grown. Even during the eighties, when defense spending was on the rise, Reserve component military construction backlogs continued to grow.

Military construction backlogs have increased in all of the Reserve components, with the exception of the Naval Reserve. Construction backlogs in the Naval Reserve have decreased only because requirements were canceled by base closure actions. These construction backlogs impair readiness, retention, and morale.

If the Reserve components are to continue to make significant contributions to national security, they must be provided adequate facilities to meet unique Guard and Reserve requirements—including the location of facilities where there are persons and skills needed to meet Reserve component needs. Failure to do so will lead to the demise of Reserve component readiness.

In addition to their impact on morale and training, construction backlogs, or the failure to meet military construction requirements, indirectly and insidiously affect Reserve readiness. In the name of cost-effectiveness, facilities with the highest maintenance and renovation costs become targets for closure. The closure of facilities that require expensive improvements may be economically prudent in the case of Active forces, but because of the demographic impact, closure of Reserve facilities can have a devastating effect on combat capability.

Demographic Impact

The impact of demographics is critical to the location of Reserve units and, thus, on Reserve component effectiveness. Unlike their Active counterparts, who can be readily moved to new locations, Reservists are tied to their civilian employment and are, thus, often unable to relocate. There is a limit to how far they can afford to commute to meet training and other service requirements. The closing of a facility can deprive the Reserve components of populations of quality, experienced personnel and so eliminate capabilities or greatly increase training costs.

Many factors are considered in base realignment and closure decisions. Included are military requirements, costs, environmental issues, the economic impact on surrounding communities, etc. ROA is concerned that Reserve component needs are not

understood and given the priority they deserve. The impact of demographics on Reserve requirements often has been denied the weight it deserves.

Emphasis is being placed on the shared use of facilities. Sharing the use of a facility by two or more Reserve components or the use of an Active component facility by a Reserve component can eliminate duplication and, thus, be cost-effective. ROA applauds sharing the use of facilities wherever practical, but cautions that there are real limitations to the shared use of facilities by Reservists. It is not realistic to close a Reserve facility in an area where a large number of Reservists reside and expect those Reservists to travel great distances to train at another existing site.

There may be a conception that the drawdown of Active forces will free facilities for use by the Reserve components. While Reservists may make use of a limited number of Active facilities, the ability to save additional funds in this manner is minimal. The incidents of Reserve components being able to take over facilities previously used by Active forces without alteration or renovation will be very few. Because of the demographic factor, facilities previously used by Active forces will simply not meet the needs of the Reserve components in most instances. To the extent that Active component facilities can be transferred to the Reserve components, these actions have already gone into current planning and are reflected in the budget request.

Impact on Training

Training is crucial to the readiness of the Guard and Reserve, and the amount and quality of training are directly related to the adequacy of facilities. In addition to adding and maintaining skills, training has a direct influence on morale and retention. Without meaningful training, morale suffers, and Reservists may quickly lose interest in Guard and Reserve participation. The adequacy of facilities has a direct bearing on esprit de corps and, thus, readiness.

Many experts in and out of the military have called for a greater reliance on training simulators as a cost-effective way of improving Reserve component training and readiness. New facilities are required to house additional training simulators.

The following addresses military construction needs by Reserve component:

ARMY RESERVE

Since the beginning of this decade, the role of America's Army has changed from a large, Cold War, European-focused force to a smaller, CONUS-based, power projection Army. With that change has come an appropriate greater reliance by the Army on its cost-effective Reserve components. Unfortunately, there has not been a corresponding increase in the quality, quantity, modernization, and maintenance of the facilities needed to train and support the Army Reserve and to attract and retain quality soldiers to meet this expanded role.

Today, the Army Reserve has a \$1.9 billion backlog of known construction requirements. This facility shortage is further complicated by numerous base closings and the loss of inherent support facilities—many of which were geographically proximate to Army Reserve units. All of these factors contribute to an average utilization rate of over 200 percent in existing facilities. The requirement to replace obsolete and deteriorating facilities still exists and the reduction in Army Reserve end strength from 230,000 in fiscal year 1996 to 208,000 in fiscal year 1999 will only marginally ease the problem of extremely overcrowded facilities.

Over half of the Army Reserve's 2,700 facilities, which average 31 years old, are inadequate to meet recognized training, maintenance and storage requirements—many fail to meet Army standards. To further compound the situation, the Army Reserve has taken over management of several installations that were formerly owned and operated by the Active Army. The Army Reserve has now added an additional 2,600 facilities that average 46 years old at these Army Reserve-operated installations.

Much of the existing Army Reserve physical plant inventory is in need of repair. When the facilities at the former Active component installations are included, there are over 5,300 facilities that are today managed and maintained by the Army Reserve. Many of these facilities were planned and constructed during an era when the demands for training and maintenance were less intense, with considerably less dependence on modern technology, and when very little equipment was issued to the Army Reserve. The increases in technology and the flow of modern equipment to the Reserve as it has become a more significant partner in America's Army has increased training, maintenance, and storage requirements, resulting in significant shortfalls in adequate training facilities and severe overcrowding of personnel and equipment at many Army Reserve centers.

This situation has created a training environment that is increasingly unsafe, environmentally unacceptable, and damaging to readiness. Because most Army Re-

serve units are in localities distant from Active component installations, aggressively capitalizing on Base Closure and Realignment (BRAC) actions will not by itself solve these problems. Accordingly, full funding of the Army Reserve's military construction program and real property maintenance programs becomes more essential than ever.

Request for fiscal year 1997.—The military construction requirement we urge Congress to support for the Army Reserve represents its highest priority projects and consists of Major Construction projects in addition to Planning and Design requirements. The fiscal year 1997 MCAR program includes:

A. Major Construction.—These funds provide for land acquisition, new construction, revitalization, expansion, rehabilitation, alteration, or conversion of facilities where the cost exceeds \$400,000. Fiscal year 1997 MCAR projects are urgently needed to improve the quality of life and the readiness of Army Reserve soldiers as well as additional training opportunities for other Reservists.

Request for fiscal year 1997.—The Army Reserve fiscal year 1997 MCAR budget request is for \$44,979,000. It will fund the construction of two United States Army Reserve centers (USARC) and organizational maintenance shops (OMS), four addition (ADD) and alteration (ALT) projects to existing centers and OMS, and a new equipment concentration site (ECS):

Fiscal year 1997 military construction Army Reserve [MCAR] program

[In thousands of dollars]

<i>Location / Project description</i>	<i>Costs</i>
Wichita, KS—add/alt USARC/OMS	5,670
Buffalo, MN—USARC/OMS	4,260
Fort Bragg, NC—add/alt USARC/OMS	9,966
Muskogee, OK—add/alt USARC/OMS	3,125
Geneva, PA—Equip concentration site/maint suppt activity/warehouse	9,352
St. Mary's, PA—add/alt USARC/OMS	2,333
Fort Eustis, VA—USARC/OMS	10,273
Total	44,979

The Army Reserve, like the rest of America's Army, is undergoing significant change as it moves into the 21st century. Emerging technology is changing the way the Army Reserve trains and provides training to all components of America's Army. With the many base closings prompted by BRAC, Army Reserve-operated installations like Fort McCoy, Wisconsin, have become the primary training sites for many military personnel who live in areas where military installations are very scarce. Because of its central location, over 120,000 military personnel from all services and from at least 8 surrounding states trained at Fort McCoy in fiscal year 1995. With limited training time available, it is considerably more cost-effective to train at a central location. Fort McCoy offers an ideal location, but its training facilities and many of its housing facilities are antiquated, raising many quality of life issues and negatively affecting training and retention.

Fort McCoy is not alone. There are numerous other locations where the age of existing facilities, modernization requirements, advancements in training technology, BRAC, increased equipment flow, quality of life issues, retention, and the simple time-distance travel issues have made new construction essential. Below are construction projects at Fort McCoy, WI.; Sacramento, CA.; Edison, N.J.; Knoxville, TN.; and Fort Eustis, VA. that will markedly enhance training, readiness and retention of Reserve component personnel, and because of their locations, provide training opportunities to and increase the quality of life for thousands of Reservists across the nation. Construction on each of these projects could begin in fiscal year 1997 with approved funding. We urge the Congress to add funding to start construction of these projects.

Additional fiscal year 1997 military construction Army Reserve [MCAR] projects

[In thousands of dollars]

<i>Location / Project description</i>	<i>Costs</i>
Sacramento, CA—USARC/OMS/AMSA	20,970
Edison, NJ—Battle Proj Ctr	4,760
Knoxville, TN—USARC/OMS/AMSA	8,400
Fort Eustis, VA—ASF/USARC/OMS	28,850
Fort McCoy, WI:	
Elect Power to Ranges	2,000
Machine Gun Range	2,250

<i>Location / Project description</i>	<i>Costs</i>
Crash Rescue Stn	1,350
Rifle Range	1,400
Combat Pistol Range	1,200
Army Reserve Readiness Training Center	14,700
Total	85,880

B. Planning and Design provides for the continuous, multi-year designing process of necessary construction projects for execution in budget years and beyond. The Army Reserve budget requirement for planning and design for fiscal year 1997 is \$3,480 million.

The total fiscal year 1997 military construction program request includes the \$3,480,000 for planning and design for future year construction projects identified in the Army Reserve testimony as well as the \$44,979,000 for major construction. Combined, the total MCAR authorization and appropriation request is \$48,459,000. Without it, facilities beyond their useful life will continue to deteriorate. Failure to provide funding at this minimum level now will guarantee greater costs later.

REAL PROPERTY MAINTENANCE AND ENVIRONMENTAL COMPLIANCE

Another important source of resources in support of the Army Reserve facilities is the Operations and Maintenance, Army Reserve (OMAR) authorization; specifically, the resources for real property maintenance (RPM) and environmental compliance.

Real Property Maintenance.—The replacement plant value for all Army Reserve facilities nears \$3.6 billion and for facilities at Army Reserve-operated installations another \$1.9 billion. Their average age is over 31 years and 46 years respectively. With the dollars from this OMAR appropriation, the Army Reserve accomplishes an astronomical task of operating these facilities, to include repairing and performing preventive maintenance on them. The facility managers at the Reserve centers are to be commended for the outstanding job they do keeping their centers operational. Even though they are able to keep the facilities open, they are falling behind in maintaining them. The backlog of maintenance and repair (BMAR) continues to rise. The BMAR now stands at \$183 million and is growing at an annual rate of 20 percent for Army Reserve facilities and 11 percent for the Army Reserve-operated facilities. These rates of growth have a serious impact on the condition, rates of aging, and resulting deterioration of mission-essential facilities and infrastructure. The Army Reserve is taking great care to ensure that these taxpayer-financed facilities are maintained to the greatest extent possible. However, with the limited funds available, resources can only be applied to the most critical maintenance and repair needs. These facilities are a very visible link between the Army and the citizens they protect. In some cases they may be the only visible link between the U.S. government and the taxpayer. It is essential that the taxpayer see proper care and maintenance of invested tax dollars. ROA strongly encourages the Congress to eliminate the BMAR backlog and fully fund this BMAR requirement of \$183 million before these needed repairs deteriorate further and evolve to major construction projects.

Environmental Compliance.—Along with the increasing demand for maintenance funding, environmental compliance requirements are placing great demands on resources authorized and appropriated for the Army Reserve. Environmental compliance funding requirements have increased from \$5.5 million in fiscal year 1990 to \$39 million in fiscal year 1996. The Army Reserve's "must-fund" fiscal year 1997 budget request is for \$36 million. These environmental compliance requirements cannot be ignored.

SUMMARY

The Army Reserve's fiscal year 1997 MCAR budget request is \$48,459,000. Fully funded, this MCAR request will reduce only a small portion of the Army Reserve's \$1.9 billion MCAR backlog. However, construction of these new facilities will significantly improve the quality of training, and eliminate overcrowding for many dedicated citizen-soldiers across the nation while enhancing readiness, equipment maintenance, and storage capabilities at several locations. We urge the Congress to authorize and fully fund the Army Reserve's MCAR \$48,459,000 budget request, as well as the \$183 million required to eliminate the growing backlog of maintenance and repair, and the \$36 million to support the environmental compliance requirement. We further urge the Congress to authorize and appropriate additional funding to move essential MCAR projects into fiscal year 1997.

AIR FORCE RESERVE

The military construction (MILCON) program for Air Force Reserve is divided into three categories. Environmental compliance MILCON provides facilities needed to comply with environmental laws and regulations; new mission MILCON provides facilities that support force structure conversions and mission realignments; and current mission MILCON provides facilities to support the existing base mission or replace old facilities that have become too costly to maintain and repair.

Though the total obligational authority (TOA) in the fiscal years 1997-2001 MILCON program covers all known Air Force Reserve (AFR) environmental compliance and new mission MILCON requirements, existing current mission MILCON TOA is inadequate. Headquarters, Air Force Reserve has identified the following critical, current mission MILCON requirements at AFR installations: (A) Level I (Unsatisfactory) requirements that affect the base mission, \$85.5 million; (B) Level II (Degraded) requirements with unit mission impact, \$62.0 million; total of \$147.5 million.

Data is not yet complete for Air Force Reserve tenant locations, but it is estimated the total amount will be twice that needed at AFR installations, or \$295 million, to satisfy all critical AFR facility requirements from fiscal years 1997-2001.

Air Force Reserve current mission MILCON and planning and design funding levels are inadequate to support existing mission infrastructure. The \$551 million current mission backlog equals 31 years at existing funding levels. Additional MILCON funding will increase current mission MILCON and planning and design to provide adequate facility support to the Air Force Reserve mission.

PROPOSED AIR FORCE RESERVE FISCAL YEAR 1997 MILCON ADDS

[Dollars in millions]

Fiscal year/Location/Project	Type	Costs	Design costs
1998:			
Maxwell, AL—Composite Maintenance Facility	CM	\$5.000	.....
Little Rock, AK—Aerial Port Training Facility	CM	1.800	.....
McChord, WA—Aeromed Patient Staging Facility	CM	3.000	\$.300
Mitchell, WI—Add/Alter Composite Tng Facility	CM	2.000	.200
Eglin Aux 3, FL—POL/LOX Complex	CM	4.500	.450
1999:			
McGuire, NJ—Sqn Operations/AMU Facility	CM	2.500	.250
Eglin Aux 3, FL—Renovate VAQ	CM	6.000	.600
Dvs Mnthn, AZ—Sqn Operations Facility	NM	2.500	.250
2000: Robins, GA—Add/Alter AFRES HQ Building	CM	12.200	.425
2001:			
Dover, DE—Aerial Port Training Facility	CM	1.500	.150
Maxwell, AL—Aircraft Maintenance Hangar	CM	7.200	.....
Grissom, IN—Civil Engineering Complex	CM	6.500	.650
2002:			
Kelly, TX—Wing Headquarters Building	CM	2.950	.....
Grissom, IN—Civil Engineering Complex	CM	6.500	.650
Homestead, FL:			
Renovate Dormitory 475	CM	2.550	.255
Renovate Dormitory 478	CM	2.450	.245
Keesler, MS—C-130 Maintenance Hangar	CM	4.050	.140
2003:			
Luke, AZ—Civil Engineering Tng Facility	CM	2.250	.225
Andrews, MD—Alter Wing Headquarters Facility	CM	3.700	.370
2004:			
McGuire, NJ—Civil Engineering Facility	CM	1.700	.170
Travis, CA—Aircraft Generation Sqn Tng Fac	CM	3.100	.310
Whiteman, MO—Add/Alter Wing Headquarters Bldg	CM	1.250	.125
2005: McGuire, NJ—Add/Alter Wing Headquarters Bldg	CM	2.100	.210
2006: Hill, UT—Munitions Equipment Maint Fac	CM	1.500	.150
2007: Tinker, OK—Add/Alter Aircraft Maint Hangar	CM	3.200	.115

PROPOSED AIR FORCE RESERVE FISCAL YEAR 1997 MILCON ADDS—Continued

[Dollars in millions]

Fiscal year/Location/Project	Type	Costs	Design costs
Total MILCON	92.600	
Total design		6.300
Total adds	98.900	

NAVAL AND MARINE CORPS RESERVE

The budget request for Military Construction, Naval Reserve (MCNR) for fiscal year 1997 is for just under \$11 million. This request will support just six relatively small projects, does not include any funds for minor construction, and includes approximately \$1.9 million for planning and design of future projects.

This year's budget request contrasts sharply with the more than \$25 million appropriated for fiscal year 1994, the \$22.8 million for fiscal year 1995, and the \$19.1 million provided by Congress last year for fiscal year 1996. Funding for Naval and Marine Corps Reserve construction at even these relatively modest levels has occurred only because Congress has made significant additions to the requests that were submitted from the Pentagon.

For example, the Administration's budget request for fiscal year 1995 was for a mere \$2.4 million, and included only a single project, although the construction backlog of the Naval and Marine Corps Reserve was then approximately \$750 million. Congress recognized the gross inadequacy of the request and increased the program to a more realistic \$22.8 million.

Backlog and BRAC

The serious underfunding of construction requirements for the Naval and Marine Corps Reserve is an integral part of the combination of events that can lead to the foreclosure of opportunity for these Reserve Components to remain a vital part of their service's Total Force.

Poor material condition of facilities and lack of funding to repair or replace them has become a reason for these facilities to be included in the closure lists that the services submitted to the BRAC process. During this process, the same poor material condition that is a major reason an installation is originally considered for closure becomes the primary reason to decide to close or consolidate the same Reserve facility. Regrettably, requirements and the unique demographic demands of the Reserve components have become secondary issues.

As a result, more than 60 Naval and Marine Corps Reserve facilities have been or are scheduled to be closed or consolidated as a result of BRAC action.

After all BRAC closures and consolidations have been implemented, the Naval Reserve will be reduced to less than 200 air and surface facilities nationwide. This will be, by far, the smallest number of demographic centers for Naval Reserve activity since World War II and one third fewer than were in operation in 1978 when the number of drilling Reservists was approximately the same as it is today. The resulting concentration of personnel makes it even more important that they have access to modern, cost-effective facilities.

Backlog remains

The backlog of military construction and the critical backlog of essential maintenance and repair of Naval and Marine Corps Reserve facilities still approaches \$600 million even with the "elimination" of a substantial portion of these backlogs by the deletion of needed projects at locations that are now closed or are planned for closure in the near future. Once again, the MCNR request for fiscal year 1997 will not even keep pace with the impact of inflation on the reduced backlog.

It is important to note that even with the closures and consolidations resulting from the BRAC process, the Plant Replacement Value (PRV) of Naval Reserve facilities has continued to grow to the point where it now exceeds \$5 billion. The continuing shortage of funds for maintenance, repair, modernization, and replacement of these facilities in an orderly manner is obvious. Additional funds from Congress are needed to address these critical problems.

Fiscal year 1997 request

As indicated earlier, the MCNR request for fiscal year 1997 is for approximately \$11 million. This request will cover the following projects:

\$750 million—Construct Aircraft Washrack, Naval Air Station, Willow Grove, Pennsylvania.—NAS Willow Grove supports P-3 and SH-3 aircraft conducting daily patrols off the Atlantic coast, resulting in salt buildup that is highly corrosive to the airframes. This project will construct an automated, taxi-through washrack, which will be safer, faster, and more effective than the current hand washing method.

\$1,465 million—Training Building Addition, Naval Air Facility, Washington, Maryland.—The existing inadequate facility provides less than 40 percent of the required square footage and cannot provide quality training in the highly technical fields of today's Naval Reserve. This project is a 10,620-square foot addition to the existing training building that includes air conditioning, fire protection system, elevator, classrooms, offices, rest rooms, library, and utilities. The estimate also includes demolition of one wing of the existing facility.

\$640 million—Maintenance Hangar Addition, Naval Air Facility, Washington, Maryland.—The existing hangar provides less than 50 percent of the required square footage which results in overcrowding and poor layout of maintenance functions. This project will provide a 3,800-square foot addition to the hangar.

\$1,994 million—Construct Reserve Center, Marine Corps Reserve Center, Camp Williams, Utah.—The drawdown of Tooele Army Ammunition Depot has left tenant USMCR units without adequate support. This project will provide for a 20,650 square foot, one story, steel-frame, concrete building with hardstand for Light Armored Vehicles (LAV's) of the Marine Corps Reserve.

\$770 million—Addition to Readiness Command Building, Air Force Reserve Center, Jacksonville, Florida.—The existing facility provides only 60 percent of the basic facility requirement of Reserve Readiness Command Region Eight. This deficiency results in poor training and operational efficiencies and adversely impacts on morale. This project will provide a 6,600-square foot addition to the existing facility.

\$3,480 million—Purchase-Leased Reserve Center, Navy and Marine Corps Reserve Center, Pittsburgh, Pennsylvania.—The Naval Reserve leases this center, with an option to purchase. Through special legislation, the former Reserve Center in Pittsburgh was sold to Carnegie-Mellon University with the provision that the \$2.4 million realized by the sale could be used to partially offset the cost of a new facility. These funds must be obligated by February 1998.

Additional recommended projects

The following list of required projects, with a total cost of \$32.695 million, are unprogrammed, but are either designed, sufficiently under design, or are acquisitions that require no design (such as the buyout of a lease to purchase real estate agreement) and, therefore, could be executed in fiscal year 1997.

Recommended additional MCNR projects

[In millions of dollars]

<i>Location/project</i>	<i>Cost</i>
NSA New Orleans, LA—NAVRES Mgm't School	2.800
Fort Devens, MA—Facility renovation ¹ .....	.750
Westover ARB, MA—Building renovation ¹	4.100
NAF Washington, MD—Replacement BEQ	4.875
Johnstown, PA:	
New Reserve Trng Ctr ¹	6.500
New aircraft hangar ¹	7.620
Dyess AFB, TX—New Reserve Trng Ctr ¹	3.100
Camp Williams, UT—Reserve Ctr Addition ¹	1.000
NMCRC Roanoke, VA—RESCEN Addition .....	.850
NR Stevens Pt., WI—RESCEN purchase	1.100

Total recommended additions to MCNR for fiscal year 1997

32.695

¹ Marine Corps Reserve Projects.

ROA recommends that the request for the Military Construction, Naval Reserve (MCNR) appropriation be approved and that Congress add authorization and funding for as many projects as possible from the list of projects provided above. In addition, it is recommended that funds be added for much needed minor construction projects at Naval and Marine Corps Reserve facilities.

CONCLUSION

The Congress has repeatedly expressed its sense that the Reserve components should have a greater role in the nation's defense. ROA appreciates the confidence congressional members have placed in the nation's Reservists, but would remind the Congress that the Reserve components cannot continue indefinitely to do more with less. The budget request for military construction for the Army, Air Force, Naval, and Marine Corps Reserves represents the very minimum required and should be funded. It does not begin to reverse the growth of construction backlogs that have plagued the Reserve components for many years. Any additions to the military construction request for the Reserve components will be money well spent.

In closing, I would reiterate the need to give the demographics of Reservists greater consideration. The need to provide adequate facilities within reasonable commuting distances of Reservist populations must be factored into decisions relating to construction requirements.

Finally, I want to thank the panel for its past support and for giving ROA the opportunity to provide its views on Reserve component military construction. I will be happy to answer any questions you have.

CONCLUSION OF HEARINGS

Senator BURNS. That is it. Well, we stand recessed.

[Whereupon, at 11:10 a.m., Tuesday, April 16, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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